

Atypical working practices in the East Midlands

A report prepared for *emda*

Experian

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EMDA

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For and on behalf of Experian	
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Introduction

This report details the findings of research undertaken by Experian on behalf of the East Midlands Development Agency (EMDA). The aim of this research was to examine the extent and nature of atypical working in the East Midlands region. In particular the way in which these forms of work are likely to encourage employment and economic development in remote rural areas, and more generally, promote social inclusion.

The work has been designed to feed into EMDA's wider Regional Economic Strategy to support their vision of a flourishing region. In particular to develop higher level skills, support business growth and innovation, and promote inclusive communities in attractive places.

The project work has been undertaken in a number of phases:

1. Literature research on the benefits and adverse effects of atypical working for both the employer and individuals
2. Defining and measuring the extent of atypical working in the regions
3. Profiling atypical workers in the East Midlands
4. The future of atypical working
5. Estimating the number of employers offering flexible working practices
6. Estimating the contribution atypical working makes to the East Midlands economy
7. Case studies

For further information on the research and comments on the report please contact Melanie Lansbury (melanie.lansbury@uk.experian.com).

Executive Summary

The interest in flexible working over recent years has largely been concerned with understanding the extent to which technology has, and will, enable us to work more remotely from a central office, either for all or part of our working week. This report, therefore concentrates on this aspect of atypical or flexible working.

1.1 BENEFITS AND COSTS OF FLEXIBLE WORKING

- The existing literature and our own case studies reveal a number of benefits of flexible working to both the employer and individual.

Employer benefits

- Reductions in office space requirements
- Reduced need for business travel
- Improved ease of recruitment and higher retention of staff
- Lower absenteeism
- Productivity gains – flexible workers often work longer hours and with fewer distractions
- Using flexible workers, employers can often offer an improved service to customers

Individual benefits

- Improved work/life balance
- Reduced commuting
- Individuals can learn new skills
- Increased self-esteem and reduced stress
- New opportunities to work for the previously excluded

- The literature also identifies a number of potential adverse impacts for both employers and individuals. However, our case studies have shown that these can often be overcome through introducing clear guidelines and procedures and through adopting new ways of management.

Employer costs

- Technological costs
- Reduced supervision and the need for improved communication
- Security risks

Individual costs

- Isolation
- May damage career prospects
- Health and safety at home

- Longer hours and the blurring of leisure and work time

1.2 MEASURING FLEXIBLE WORKING

- Using the Labour Force Survey, this report examines three definitions of flexible workers:
 - **Definition 1:** Work from home, in the same grounds or buildings as home, or using home as a base.
 - **Definition 2:** Work from home, or use it as a work base and use both telephone and computer to work and could not work without telephone and computer.
 - **Definition 3:** Working from home, or use it as a work base, use both telephone and computer to work, and could not work without a telephone or computer and are not self employed.
- Using these, flexible working accounts for between 4 and 11 per cent of the East Midlands workforce. These shares are slightly lower than the national average.
- The number of flexible workers has grown rapidly over recent years, both nationally and regionally. In the East Midlands, the number of flexible workers increased by between 11 and 41 per cent (depending on the definition used) over the period 2003-06, compared to an average growth in employment of 3 per cent. In particular, possibly reflecting catch-up in terms of broadband connectivity in the East Midlands, growth in definitions 2 and 3 (IT enabled) atypical working in the East Midlands has exceeded national average growth.
- Larger employers are more likely to offer flexible working to their employees. We estimate that in the East Midlands there are a total of 48,000 firms, employing one or more staff, operating flexible working (30 per cent of the total). At the national level we estimate there are 609,000 'flexible' firms (26 per cent of the total).

1.3 PROFILING FLEXIBLE WORKERS

- Flexible workers are:
 - More likely to be male than female
 - More likely to be educated to a higher level than the average worker, particularly NVQ Level 4 and above
 - More likely to be aged between 35 and 54 years
 - More likely to work in the service sector, particularly Financial and business services and Other (mainly public) services
 - More likely to be employed in a managerial, professional or technical role
 - More likely to be located in rural Local Authority Districts (LADs) than urban local authorities in the East Midlands

1.4 ESTIMATING THE CONTRIBUTION OF FLEXIBLE WORKING

- We estimate that income associated with flexible working contributes between 5 and 12 per cent of GVA in the East Midlands economy.

2 What is atypical working?

The term ‘atypical worker’ suggests a very fluid definition, indeed what is understood by a ‘typical worker’? Do we mean people working typical hours, say nine to five, or do we mean people working in a typical work location, an office or a factory? Or does it refer to people of a typical working age or status?

It is true that if we apply all the above definitions we have seen an increase in so-called ‘atypical’ workers. Globalisation and the shift towards a 24/7 society has meant that in order to remain competitive many businesses have had to extend their hours of business, with fewer workers now working a traditional nine to five day. Furthermore, as people remain healthier for longer and the population ages, people are increasingly working till later in life – a factor that has recently been further compounded by increasing concern for future pension provision.

The interest in flexible working over recent years has largely been concerned with understanding the extent to which technology has, and will, enable us to work more remotely (i.e. away from the office), either for all or part of our working week. Consequently, for the purposes of understanding changes in working patterns as a result of new technology, the most important strand of literature concerned with atypical working focuses on the *location* of work. This concerns work undertaken outside a central office location, which has become possible because of advances in electronic communications. A typology of this kind of atypical worker is offered below:

Travelling workers: people who spend a much greater than average part of their working lives moving between different locations, possibly to the extent that they have no real office “home”. Examples of such workers include some full-time sales representatives, or field engineers. They use mobile communication technology to stay in touch with the rest of their organisation.

Campus workers: people who work principally within their host organisation but frequently at several different sites. Many senior staff at large employers fall into this category.

Teleworkers: people who work from home for one day or more per week and spend the rest of the time at the central office location and are enabled to do so by communication technologies.¹

Self-employed teleworkers: Teleworkers who are self-employed, using the potential of cheap telecommunications and broadband to run their own businesses from home.

Old-style homeworkers: People who do all their work from home in occupations which do not require the use of information technology, for example craft or carpentry.

Day extenders: people who use electronic communication devices to extend their working day. For example checking emails in the evening after work, or using travelling time to catch up on routine duties. This is effectively the use of modern technology to augment rather than supplant typical patterns of working. For some employers, this kind of working is now the norm, especially for senior employees.

¹ The Department for Trade and Industry (DTI), in conjunction with the CBI, TUC and CEEP UK, has published guidance on teleworking (2003). This states that the essential feature of teleworking is ‘the use of information and communications technologies to enable remote working from the office’.

3 Benefits of atypical working

3.1 EMPLOYER BENEFITS

3.1.1 Reductions in office space requirements

Evidence from those firms who have initiated flexiworking practices suggests that there are significant cost savings to be had through both decreasing the ratio of desks to employees and improving the efficient use of floor space.

With an increasing number of firms introducing ‘hot-desking’ or desk sharing there is a plethora of evidence available. One example comes from the ‘2 roof’ programme implemented at the DTI (Morgan, 2007, OGC, 2006). Prior to 2003, it had been estimated that there was a 40 per cent under-utilisation of space at the DTI’s London offices. However, by 2006 it had consolidated its six London offices down to two, moved from a desk:employee ratio of 1:1 to 1:1.25 and introduced open plan offices for all (including the Directors General). The one-off cost of this change was £30m but the savings have been estimated at £16m annually. Other evidence comes from:

- BA, where the introduction of flexiworking in 2002, resulted in an estimated saving of 20 per cent on its property costs in its first two years of operation (Computer Weekly, 2004)
- Prudential, where the move to desk:staff ratios as high as 1:2.5 in some departments of their Paddington offices has resulted in cost savings of £450,000
- The Environment Agency, where the introduction of flexible working practices has led to £1m of savings (Advanced Workplace Associates, 2006, British Council for Offices, 2006)

Of course the potential cost savings depend critically on where firms are located. Indeed, the Lyons report in 2004 estimated inner-London accommodation costs per employee at over £11,000, whilst with lower rents in regional centres such as Birmingham, the costs were estimated at £5-6,000 per person (Lyons, 2004).

In general, the adoption of teleworking has been greater in the private sector than in the public sector (Kable, 2006). We would suggest that this largely reflect the fact that in the private sector firms are much more reactive to changes which can influence productivity and profitability. However, with increased scrutiny on the public purse, the sector is now waking up to the benefits of flexiworking. Watkinson’s (2007) study of local government has suggested considerable potential space savings are achievable. As demonstrated in figure 3.1, through maximising the potential of flexible working, firms could make space/desk savings of up to 72 per cent for field staff, 36 per cent for office staff and 24 per cent for managers (Watkinson, 2007).

Figure 3.1: Potential space and desk savings in local government

	Managers (%)	Office staff (%)	Field staff (%)
Maximum % of staff who could work flexibly some of the time	80	60	90
Minimum % of staff who could work flexibly some of the time	30	30	60
Of those working flexibly the average % of time not in the office	30	60	80
Maximum potential space/desk saving	24	36	72
Minimum potential space/desk saving	9	18	48

Source: *Perfecting a Flexible Working Culture*, 2007

It is also worth noting that the benefits of reducing office space requirements potentially accrue not only to the company that reduces its need for office space but also to other businesses which may benefit from lower real estate prices caused by a reduction in competitors' demand for office space. However, the precise extent of this is difficult to measure given the many other factors involved in determining office rents.

3.1.2 Reduction in the need for travel and environmental benefits

There is some evidence to suggest that the introduction of flexible working practices can result in significant savings in costs through the reduced need for business travel. These can be both direct cost savings (the cost of the travel itself) and indirect cost savings (employees' time, and often senior employees' time wasted whilst travelling). The majority of businesses are small and most of these do all their business with clients within a fifty mile radius, meaning that business travel is not a major expense (Federation of Small Businesses). However, despite this, research by the College of Estate Management suggests that businesses can save thousands of pounds every time a face-to-face meeting is replaced by a teleconference (Dabson *et al*, 2006). Further evidence of this comes from the Trading Standards department in Hertfordshire County Council which saw work travel reduced by 10 per cent following the introduction of flexible working techniques (Project Nomad case studies, 2006).

Indeed, improved bandwidth, wireless networks and the increasing use of voice-over internet protocol (VoIP), have meant that technology has now effectively caught up with the ideals of a 'virtual office'. However, despite this, for many businesses it seems likely that the need for at least some face-to-face communication will remain for some time. Research by the Future Foundation (2005) stressed the need to actually meet clients and colleagues, with one expert interviewee stating: 'to really get to know people and build relationships we need to be with them at least some of the time'.

3.1.3 Recruitment and retention

Replacing members of staff is costly for businesses. When an employee leaves, the business incurs costs searching for a replacement, the cost of training and costs in terms of lost efficiency while the new employee becomes familiar with his or her role. The importance of staff retention has been highlighted by recent research for Manpower (2007). This showed that 72 per cent of UK employers thought staff retention was an issue for them, while 35 per cent of employers thought it was their single most pressing HR problem.

Evidence suggests that embracing flexi-working can allow businesses to retain staff. A survey of members of the Amalgamated Electrical and Engineering Union (AEEU), commissioned by the Joseph Rowntree Foundation, found that women whose employers allowed them to work flexibly were more committed to their employer than those who did not practise flexi-working (Houston and Walmsley, 2003). And evidence from employers who benefited from the DTI's Work-Life Balance Challenge fund, also suggested improved retention and recruitment – one

firm, Advantage, reported that the incidence of people leaving had more than halved in less than three years (DTI, 2004).

Evidence from the Sustel research (2004), suggests that the impact of flexible working on retention and recruitment is positive across Europe. Whilst the evidence was less clear cut than those examples cited above, there was a significant minority who claimed that teleworking was an important factor in their decision to join and/or stay with an organisation.

Presumably, better retention of flexiworkers is related to the fact that many have chosen flexiworking, particularly since the 2003 law giving employees the right to request flexible working practices. Consequently these workers feel more content with their work/life balance and also feel more valued by their employers. This is an area we look into in more detail in section 4.2.1.

3.1.4 Absenteeism

According to a BBC poll, 40 million working days were lost to absenteeism in 2004. And of these it is estimated that a significant share were not the result of employees being ill to the extent of being unable to perform their duties – 41 per cent of survey respondents claimed to have at taken least sometime off sick when they were not seriously ill. Consequently, absenteeism represents a cost to firms not only in the lost working day of the employee concerned but also in the smooth running of the firm.

One of the main causes of non-illness absenteeism is time off to care for family members or to attend to non-work activities (e.g. waiting for tradesmen), and consequently flexible working can help employees overcome the need for absenteeism. Indeed, research by Atkinson (2007) has suggested that teleworking can lead to a fall in absences of 0.8 days per person per year.

Looking at more specific cases reported in research by the DTI (2004) shows that following the introduction of flexible working, BAe systems' absenteeism rate fell by 10 per cent with stress related absenteeism down 15 per cent. In another case, an SME reported that absenteeism fell from a base of 18 to 12 days per employee following the adoption of flexiworking. And internationally a similar pattern can be found – the Sustel research found that of 30 employers who practised teleworking across Europe, 12 had experienced reduced absenteeism, with one German company reporting that the average number of days lost due to illness fell by two days after the introduction of teleworking practices (James, 2004). Anecdotal evidence from Patchwork (a business case study for this project, see section 8.1 for more details) suggests that reductions in absenteeism can be even more marked.

In addition, flexiworking can also partly insure employers against time lost due to major transport disruptions, thus allowing companies to maintain continuity of service for customers. Indeed, the Sustel research showed that in the UK both BAA and BT found that around 72 per cent of staff were able to continue working even if prevented from reaching their intended work location.

3.1.5 Longer hours and productivity gains

There is some evidence to suggest that a switch to teleworking makes employees work longer hours as homeworkers start work at the same time as they would begin their normal morning commute. Evidence from the Sustel research showed that of the teleworking respondents a minimum of 34 per cent found themselves working more in the evenings, at least 15 per cent found themselves working more at weekends and at least 42 per cent reported starting work earlier in the mornings than they had previously. However, in the majority of cases, increased working hours were mainly less than one hour a day on average. Therefore, flexible working

changed the working day pattern rather than dramatically changing the actual number of hours worked.

An advantage that accrues from this extension of office hours is that teleworking can allow employers to staff their 'virtual offices' for longer than they could staff a regular nine-to-five office. For example some BMW project workers in Bavaria are able to start work earlier than their colleagues who commute into offices. This increases the overlap of the German working day with the working day of BMW staff working in the USA and Asia by up to 30 per cent. Internal BMW figures suggest this has led to a productivity improvement of 16 per cent for tasks where this kind of international cooperation is necessary (James, 2006).

3.1.6 Concentration and productivity gains

One of the most important productivity effects of teleworking is the way in which employees working away from the office are freed from the distractions of an office environment and are thus able to work more effectively on the task in hand. This effect is hard to quantify. Furthermore, it may be the case that, though the employee is completing the task he/she is primarily concerned with more efficiently, the removal of interaction with other office workers needed to achieve this efficiency has a negative knock-on effect on office productivity more generally.

3.1.7 Changes in management style

Whilst attitudes are changing, the evidence shows that one major barrier to the growth in teleworking is the reluctance of managers to trust their employees to work from home. Many companies struggle to measure results and the easiest way of determining whether someone is doing their job is to measure their hours of work, something that is difficult to do when employees are working out of the office.

Research by the Future Foundation highlighted the fact that teleworking is largely concentrated in particular areas of work where results can be measured by output rather than hours, particularly those in the knowledge economy. Evidence from the LFS also shows that teleworkers are generally those in mid-life, who have established a level of trust in their organisation. They also tend to be more highly skilled, and are therefore more likely to be able to work independently.

However, there is no reason to suggest that teleworking could not extend to younger workers, perhaps following probation periods and appropriate training, and also to other sectors. Through improved communication, coordination and business planning, it is possible for managers to rely less on face-to-face supervision and to devolve more responsibility for the completion of tasks to individual members of their team.

Furthermore, case study evidence following the DTI's Work-Life Balance Campaign appears to indicate that more teleworking, in conjunction with appropriate support from management, can result in tangible benefits – productivity improvements, improved communication, better customer service, improved business planning and reputation and better working practices. Other examples of productivity gains following changes in management practices as a result of the introduction of teleworking range from the German insurer LVM (James, 2004), to benefits payment in Yorkshire (Project Nomad case studies, 2006).

3.2 THE BENEFITS TO INDIVIDUALS

3.2.1 Work/life balance

The way in which people perceive paid employment is undergoing a paradigm shift, from a relatively homogenous rigid structure evoking the classic 'nine to five' blueprint to one that has enough flexibility to accommodate all hours and all locations (24/7 paradigm).

This transformation has engendered a renewed focus on the role employment plays in the lives of the workforce, and with it the introduction of new concepts for consideration. Employers are increasingly beginning to recognise that workers face a broad spectrum of commitments outside of work; the workforce is ageing, childcare is increasingly expensive and long commutes are becoming the norm. For businesses and their employees to prosper, these external commitments must be awarded equal consideration as those in the workplace; one must achieve the proverbial work/life balance.

Atypical working practices are thought to assist employees in managing their work and non-work time, and are thus seen as pro-work/life balance. The atypical agenda has evolved from earlier family-friendly policies that focussed on the needs of working mothers to one that encompasses all facets of modern life. These changes were formalised in 2003 when the 'right to request' flexible working was introduced for employees (Clarke, 2005). This legislation aspired to protect the interests of the employee without inducing detrimental effects on productivity and business competitiveness.

As atypical working becomes the norm in organisations, a wider range of individuals are able to benefit. The progressively feminised workforce is symptomatic of the introduction of family-friendly policies, and as a result, the gender divide between those who care for children becomes ever more nebulous. As Wise (2003) shows atypical working in this instance can be beneficial in accommodating childcare arrangements, such as shift parenting, which some parents find a positive experience as they get to spend more time with their children. And as a result, such flexible working practices can also help to address diversity issues in sectors that exhibit a significant gender split, for example engineering and IT (DTI, 2004).

Atypical practices also go some way to counterbalancing the long hours culture that exists in some organisations, whilst still allowing employees to obtain the benefits of a working life; employment plays a key role in validating self-esteem and identity. However, flexible or teleworking is not necessarily suited to or beneficial for all employees. Purcell *et al* (1999) found that whilst managerial and clerical workers, especially those with scarce expertise, did benefit from working flexibly, this was not the same for manual and lower skilled workers, for whom flexible working meant insecurity and unpredictability rather than a better work/life balance.

3.2.2 Increased self-esteem and reduced stress

The introduction of a legislative framework for flexible working opened up the organisational sphere so that people could fit their careers around their lives more comfortably. Aside from altruistic benefits, businesses profit as employees feel more motivated and valued, with stress levels reduced as a result. It is interesting to note that employment flexibility correlates with satisfaction with working arrangements. Purcell *et al* (1999) found that those staff with more influence over their hours were happier with the balance between their work and home life.

Employing the concept of flexibility towards working arrangements affords workers a feeling of control and autonomy. This is thought to empower workers with regard to the power of their own decisions, which is considered to play an important role in strengthening the psychological contract between employee and employer. One example where this issue is important is where a

substantial amount of remote working takes place, such as travelling engineers, who are required to make diagnostic decisions regularly. In this instance, the value of remote working should not be considered in terms of the financial return on investment, but rather issues of morale and productivity, which can be harder to measure, but can lend businesses a vital competitive edge (Arnott, 2003).

3.2.3 Reduced commuting

When atypical working is conceptualised as working from home, one of the most obvious benefits for the individual is a reduction in commuting time. The actual benefits of this will depend on where employees live and work, but on average Arnott (2003) has estimated that an employee taking advantage of a flexible programme, where staff can work anywhere at anytime, saves three commuting hours a week, time that is usually split between work and family. The small proportion of commuters in the East Midlands who travel by rail can also benefit financially if flexible working allows them to use off-peak fares.

Taken altogether, the impact of flexiworking – either workers spending less time travelling to the office or shifting the times when they travel to and from work – could have a significant impact on congestion and the environment. A recent study in Scotland (Derek Halden Consulting, 2006), estimated that teleworking, fully supported by government initiatives to make working from home easier, could lead to travel reductions of up to 11 per cent. Additional research by BT has suggested that increased homeworking has the potential to reduce peak hour traffic by up to 10 per cent in five years, a saving of 14.5 billion miles a year.

However, the argument may not be so simple. The Future Foundation (2005) claims that teleworking could lead to ‘re-bounce effects’. This could mean that people either use the car more at home when they are teleworking, or that the need to commute into the office less encourages an urban-rural migration, and hence a more car-reliant lifestyle. Indeed, teleworking is already more commonplace in rural areas; 12 per cent of the workforce as opposed to 8.3 per cent in urban districts outside London (Dwelly, 2006).

Examining these rebound effects more closely, the Sustel research showed that 11-39 per cent of flexible workers had made special trips for activities previously carried out as part of commuting. However, these concluded that on balance the environmental rebound effects, whilst significant, did not negate all the benefits. In the UK, the rebound effects (the additional travel undertaken as a result of flexible working) were calculated to be around a quarter of the average reduction in commuting travel.

A related argument, associated with reduced commuting, is that encouraging home-based working engenders a ‘day time economy’ in places where higher earners usually commute out in the day (Dwelly, 2006). However, again this may not be quite so simple. Whilst teleworking undoubtedly saves workers’ time otherwise spent travelling the evidence that they will use this time networking in the local community is less clear.

3.2.4 Learning new skills

In addition to acquiring IT skills related to teleworking, the Sustel research highlights the positive impact flexiworking has on workers’ ‘employability’ skills. These include intangible competencies such as time-management or the ability to work autonomously.

The Sustel research showed that across Europe, the majority of teleworkers felt that this mode of working had had a positive impact on their skills.

3.2.5 New opportunities for the previously excluded

The right to request flexible working practices has enabled people who cannot work a traditional nine-to-five shift potential access to the labour market. Evidence suggests that a large majority of such people are likely to be those with caring responsibilities for family members, and a large majority of those are female. A 2005 survey by the DTI showed that requests for flexible working were more likely from women and the majority were in order to care for dependent children (Holt and Grainger, 2005). The research also showed that 80 per cent of these requests were fully or partly accepted. This alludes to the importance many employers place in retaining the services of experienced female staff after maternity leave.

In addition to working mothers, flexible working also potentially opens up the labour market to the disabled. The application of information and communications technology in helping disabled people enter and remain in employment in the UK has received much recent attention, with particular regard to the nature and extent of national ICT and disability strategy in this area (Taylor, 2002). The 'Welfare to work' approach to active labour market policy has focused on creating employment opportunities for all, with disadvantaged groups being encouraged to take up paid work. With an emphasis on enabling home-based independence, the DTI recognises that access to ICT helps disadvantaged individuals operate effectively in society and can have an important role to play in addressing social exclusion (Meager, Hill, and Wilson, 2007).

4 Adverse effects of atypical working

4.1 EMPLOYER COSTS

4.1.1 Technological and real estate costs

There are some costs associated with changing workspaces and technology to accommodate flexible working and teleworking. However, these costs appear to be small compared with an employer's total costs. Furthermore, these costs will only be borne by an employer if that employer calculates that they will be outweighed by the advantages of the move to flexible working.

A move towards a flexible working policy is often accompanied by a move towards more flexible working space inside offices, which requires employers to spend money physically reconfiguring their office space. However, the extent of the changes necessary and the costs that might be entailed will vary on a firm-by-firm basis.

Another cost of implementing teleworking is providing employees with the technology to stay in touch with both their office and with other colleagues. Again these costs are hard to summarise as they will vary by firm, however, with the usage of mobile technology increasingly becoming the norm and the reducing cost of computer hardware and communication bandwidth, the costs of implementing teleworking are becoming less significant.

4.1.2 Reduced supervision and communication

A flexible, teleworking worker is likely to have less contact time with his immediate colleagues than a nine-to-five desk based worker. This has two principal consequences for communication between workers and communication between workers and managers.

The first consequence of teleworking is on the volume of communication undertaken. Conversation with other individuals on a face-to-face basis is instantaneous and convenient. Conversation mediated by electronic communication devices, such as video-conferencing, however easy to use, is less convenient. As a result individuals are less likely to initiate communication via electronic device than when they are present in person. However, whether this reduction in the quantity of conversations leads to a reduction in the number of conversations necessary for work purposes is a moot point.

A second consequence of teleworking on communication relates to the quality of communication undertaken. Teleworking replaces face-to-face communication with communication by telephone, videophone and email. However, face-to-face communication has advantages not shared by these electronic media. Respondents to a survey of businesses in the Thames Valley felt that face-to-face meetings were important in the following situations (Dabson *et al*, 2006):

1. When one wants to start a business relationship and build trust
2. When planning is the main goal of the meeting
3. When addressing decisions that have a huge impact on employees
4. During a team 'kick-off'
5. During negotiations, transactions, or resolving sensitive issues
6. During monthly meetings, including project meetings and regular meetings of top-level personnel in the company

In addition there is evidence that managers feel that lack of face-to-face communication makes contact with flexible workers more formal and less spontaneous. As Birchall (2005) highlights, there are fewer opportunities to informally gauge how workers feel, there is less opportunity for team spirit to develop and less opportunity for more senior and experienced team members to informally share their knowledge.

It is clear that line-managers view face-to-face communication as very important for the success of their teams. Teleworking and dispersed working must be complemented with face-to-face contact with both clients and colleagues if it is not to result in real productivity disadvantages.

4.1.3 Security risks

Staff working outside the office do not benefit from the physical security of the office environment. Non-electronic data (principally paper) and valuable hardware may be more vulnerable to theft or loss outside the office. More importantly the loss of hardware may lead to losses of electronic data.

The consequences of electronic data loss can be extremely serious for an employer. Electronic data loss not only occurs through the theft of hardware but also through electronic attack (eg. viruses, keyloggers, various other types of malware). To some extent this kind of electronic attack can affect the employers' computer network regardless of whether individual workstations are located in a physically secure office or in an employee's home office space.

In theory, provided an employee's computer is subject to the same security protocols as the main office network it can be equally secure from electronic attack inside and outside the office. However, a PC running to corporate standards of security is severely limited for leisure use and therefore to maintain a sufficient standard of security the employee may not be able to use his home PC to access the corporate network. In practice it is probably easier for the IT department of an employer to maintain information security when all employees' PCs have a permanent location in the office. As a result, teleworking increases the organisational resources necessary to guarantee a secure network.

4.2 INDIVIDUAL COSTS

4.2.1 Isolation

The relative scarcity of face-to-face contact with customers, co-workers, and management is a key difference between atypical working and traditional working practices. The Sustel research reported that of employees practising teleworking, 38-58 per cent of survey respondents felt more isolated from work colleagues, with very few feeling less isolated. Further evidence from Dabson *et al* (2006) found that face-to-face meetings were deemed to be more important for internal meeting than external, highlighting the importance of the workplace relationships.

This isolation can lead to feelings of stress since the workplace is an important social forum for most workers and contact with colleagues is a key way of dealing with workplace stress. Consequently, guidance on implementing teleworking stresses the importance of good lines of communication between managers and other colleagues (IOSH, 2006).

A final concern for some teleworkers is security whilst working alone. This may be security whilst travelling alone, possibly carrying expensive equipment, or concern about what might happen to you if you are taken ill whilst working from home.

4.2.2 Career prospects

A related issue is that remote working may have a career impact: workers who are isolated from senior management and office politics are ‘out of sight, out of mind’ and might be less likely to benefit from career advancement. Furthermore, there is the issue of confidentiality – it may be more difficult to hold an on-line conversation in secret, than one face-to-face.

One interviewee, during research by the Future Foundation (2005), stated: ‘If you spend all your time video-conferencing then you’re the guy who’s going to get stabbed in the back, because all the deals are done in the corridors – they are never done in the conferences’.

4.2.3 Health and safety at home

The growth in teleworking raises health and safety concerns as organisations that allow teleworking are still responsible for their employees’ health and safety. Consequently policies and procedures related to the working environment, equipment used and the maintenance and electrical safety of equipment, should all be put in place by employers considering teleworking, in order to ensure hazards are managed effectively (IOSH, 2006).

Some larger organisations have responded to this responsibility by ensuring that the homes of teleworkers are visited to carry out a health and safety audit. However, for most firms this is almost impossible to regulate and this can present a disincentive for many organisations, particularly smaller ones. In practice, therefore, the responsibility of ensuring a home working environment is safe and ergonomic is devolved to the employee, although again this involves a degree of trust between the employer and employee.

However, there is no reason *prima facie* to assume that a lack of employer control over the workspace environment will mean that standards will fall. If employees have control over their own working environment they may well use this autonomy to make their environment safer and more pleasant than their previous office environment.

4.2.4 Longer hours and a blurring of leisure and work time

For the individual teleworker, one risk is that work time encroaches into leisure time. Whilst longer working hours was cited as a benefit to employers, for the individual, this could just counter any benefits they initially hoped to gain from teleworking, notably a better work/life balance.

British workers already work some of the longest hours in Europe, and there is the risk that teleworking could just exacerbate this. In particular, with concern about the impact teleworking may have on their careers, there may be increased pressure to always be contactable, even outside reasonable office hours.

5 Measuring atypical workers

Measuring the number of atypical workers critically depends on the definition used and what exactly needs to be learnt. In this report the main focus is understanding the importance of remote working, and in particular people now able to work from home, or outside an office environment, through the use of technology. In terms of the definitions outlined above, the principal interest is therefore in teleworkers and homeworkers.

With this in mind, from the currently available sources of information, the Labour Force Survey (LFS), offers the most statistically robust and comprehensive dataset to investigate this further, at the national, regional and local levels. This offers questions on both the extent to which workers work from home and the technological requirement to enable them to do so.

Using the LFS we can look at a number of varying definitions of atypical working, ranging from the most broad definition to ones that try to specifically target teleworkers (employees who through the use of technology, can work from home part, or all of the week):

Definition 1: Work from home, in the same grounds or buildings as home, or using home as a base.

Definition 2: Work from home, or use it as a work base and use both telephone and computer to work and could not work without telephone and computer.

Definition 3: Working from home, or use it as a work base, use both telephone and computer to work, and could not work without a telephone or computer and are not self employed.

The idea behind this cascade of definitions is to strip out traditional homeworkers (who do not require technology to work from home) and the self-employed. However, in terms of the self-employed, whilst we may not be interested in builders or plumbers, who use their home as a base and will require at least a telephone, we may be interested in self-employed teleworkers.

5.1 ESTIMATES OF ATYPICAL WORKERS

Based on our four definitions of atypical workers, figure 5.1 below shows estimates from the LFS for the UK and its regions.

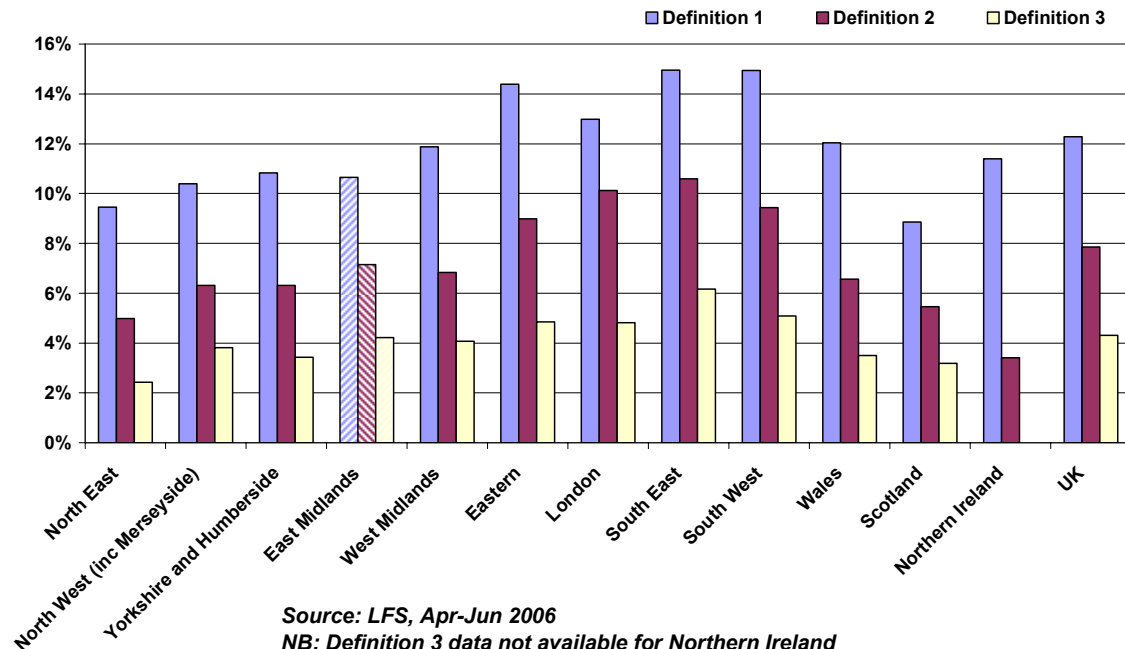
Using our broadest definition (definition 1), the LFS suggests that in 2006 there were 3.5 million workers in the UK who worked mainly in their own home, or in different places using home as a base. This equated to 12.4 per cent of the British workforce. In the East Midlands the equivalent number was 220,000 (10.7 per cent of the region's workforce).

Narrowing the definition to exclude traditional homeworkers who do not require ICT to enable them to work from home, the numbers decline sharply, to 2.21 million at the national level and 148,000 in the East Midlands.

Further narrowing the definition to exclude all self-employed, the latest statistics show there to be 1.21 million atypical workers in Britain and 87,000 in the East Midlands, around four per cent of the total workforce.

Comparing the proportion of atypical workers in the UK regions shows that the East Midlands has a relatively low share of flexible working, more akin to the northern regions than those in the south.

Figure 5.1: Atypical working in the regions



5.1.1 Growth in atypical working

According to the Labour Force Survey the East Midlands workforce expanded by 3.1 per cent between spring 2003 and 2006, compared with an expansion of 1.9 per cent in the UK workforce as a whole (see figure 5.2). However, these figures probably do not reflect the true rate of workforce expansion as the Labour Force Survey (and other sources of official statistics) are generally considered to significantly under-estimate worker inflows from the A8 countries of Eastern Europe from 2004 onwards.

However, the number of people working from home, or using home as a base to work in different locations (definition 1) has grown substantially faster than the workforce as a whole, rising by 22 per cent in the UK, and by 11 per cent in the East Midlands.

However, the East Midlands has seen particularly fast growth in IT-enabled teleworking with the numbers of definition 2 and 3 atypical workers growing by 41 per cent and 35 per cent respectively. In both cases this represents a rate of increase beyond that seen in the UK as a whole. These higher growth rates are interesting but given that the proportion of the East Midlands workforce engaged in definition 1 and definition 2 telework is slightly lower than the UK average (see figure 5.2) it is not clear whether these rates represent a “catch up period” or can be sustained over the next few years.

Figure 5.2: Growth in atypical working UK and the East Midlands (2003-2006)

	UK (%)	East Midlands (%)
Definition 1	21.5	11.3
Definition 2	34.2	40.9
Definition 3	22.8	35.3
All workers	1.9	3.1

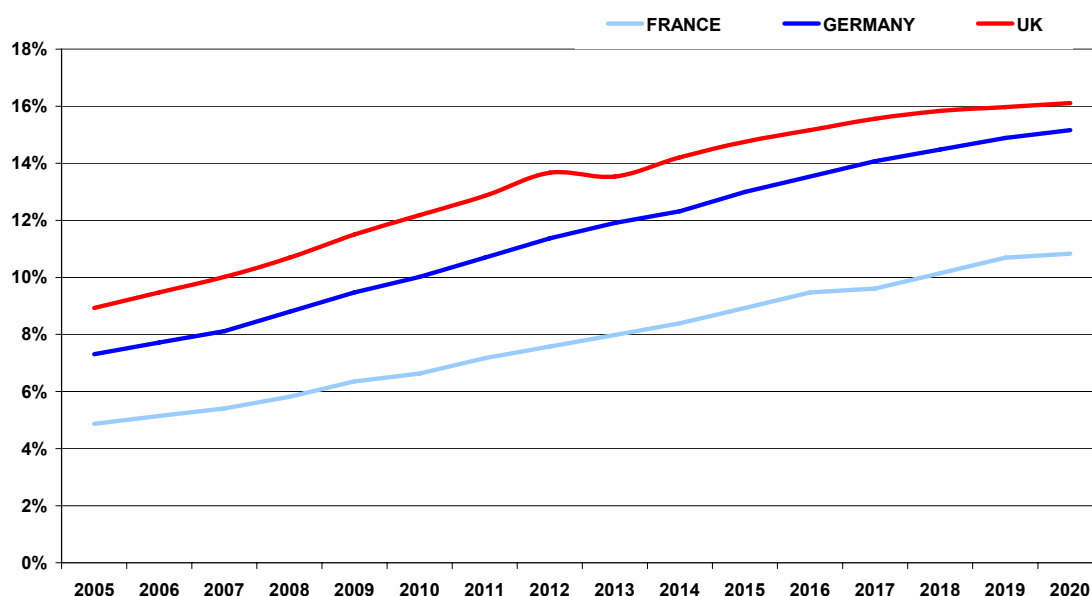
Source: LFS, 2003-2006

5.2 INTERNATIONAL COMPARISONS

BT research suggests that by 2010 more than 50 million Europeans will spend time working remotely instead of at their usual workplace.

Looking at the incidence of teleworking in the UK compared to France and Germany shows a higher share of teleworkers in the UK. In part, this may reflect the industrial structure of the UK, with a higher share of employment in services than in France and Germany. The UK also has a less regulated labour market which could also affect the flexibility of workers. In 2005, estimates from the Future Foundation show that 9 per cent of workers in the UK were teleworkers (working at least one day a week from home using ICT) compared to around 7 per cent in Germany and 5 per cent in France.

Looking ahead, figure 5.3 shows that the proportion of ICT enabled teleworkers is forecast to grow, although in the UK the share of teleworkers is predicted to level off at around 16 per cent of the workforce by 2020. This reflects the fact that not all occupations or individuals are suitable for teleworking.

Figure 5.3: Percentage of workers working at least one day a week from home using ICT

Source: Future Foundation, 2005

6 Profiling atypical workers

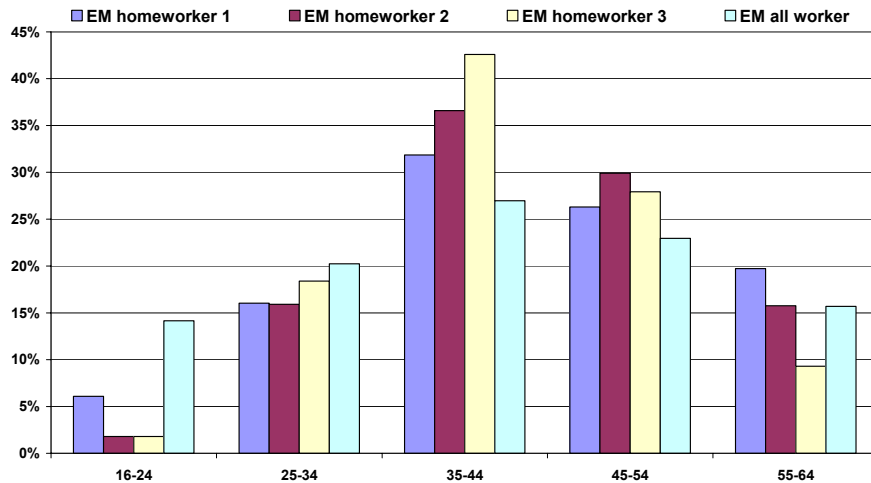
This chapter aims to understand the profile of atypical workers in the East Midlands and Great Britain. Here we examine the sectors in which they work, the jobs they do, their characteristics and where they live.

6.1 THE DEMOGRAPHICS OF HOMEWORKERS

Looking at the demographics of homeworkers shows that in the East Midlands they are more likely to be aged between 35 and 64 than the average worker (figure 6.1). As suggested by the literature research, in part this will reflect the fact that to work independently at home requires higher levels of self-motivation, time management, skills and experience, which are more commonly found in older workers, but it will also reflect the life stage of these people, with many having young families. In addition, it is likely that younger workers (16-24 years) will enjoy more the social aspects of office life, and therefore will not be so well suited to homeworking.

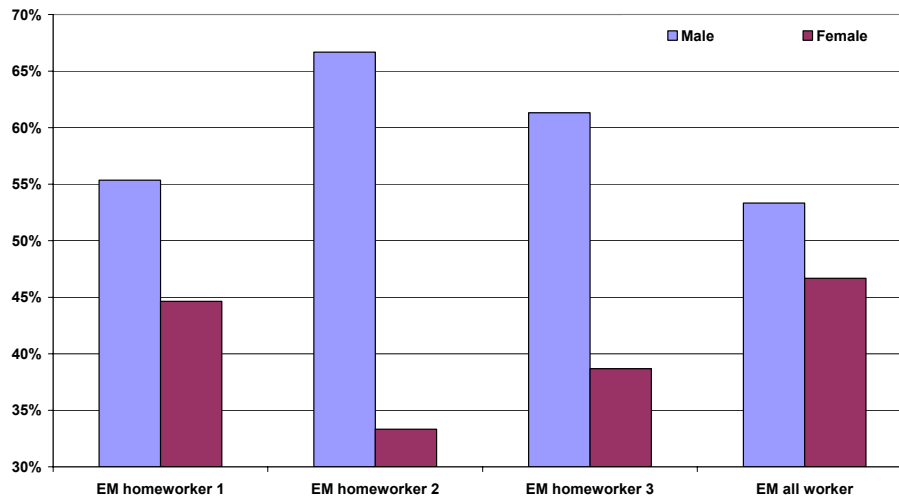
Interestingly, the proportion of definition 3 homeworkers aged from 55 to 64 is lower than for all East Midlands workers. This may be due to lower technological literacy among older groups, although as the previous chapter showed, age is becoming less of a factor determining e-technology know-how.

Figure 6.1: The age profile of homeworkers



Source: LFS, Apr-Jun 2006

Using all three definitions a higher share of homeworkers are male (figure 6.2). This is particularly true for IT-enabled homeworkers (definitions 2 and 3) who are substantially more likely to be male than homeworkers in general (definition 1) or the East Midlands workforce as a whole. IT-enabled homeworkers who are not self-employed (definition 3) are more likely to be female than all IT-enabled homeworkers (definition 2).

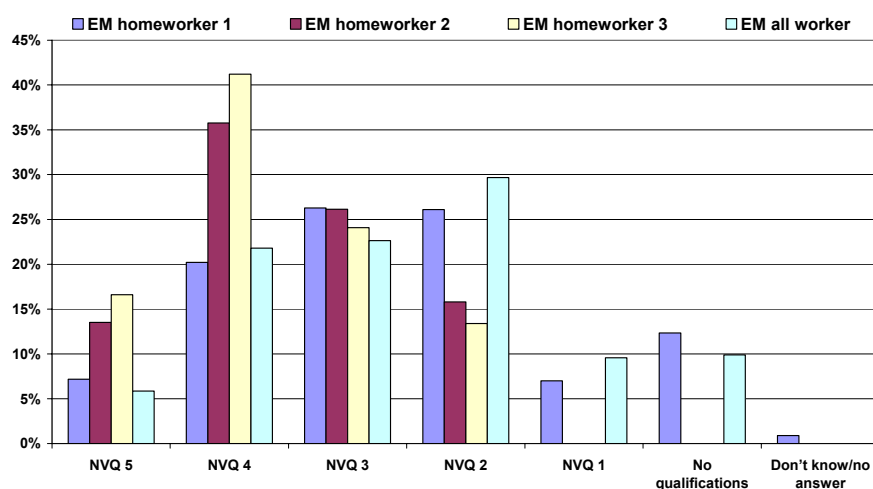
Figure 6.2: The gender profile of atypical workers

Source: LFS, Apr-Jun 2006

It is hard to accurately estimate the size of the BME teleworking population as the sample size of the Labour Force Survey is unable to accurately measure populations below approximately 10,000 people. However, indicative figures would suggest that the proportion of BME atypical workers in the East Midlands (using either definition 1, 2, or 3) is much lower than the proportion of BME workers, as a whole, in the East Midlands

6.2 HOMEWORKERS BY QUALIFICATIONS

In general, homeworkers in the East Midlands tend to be more highly qualified than the average worker (figure 6.3). Atypical workers, using any definition are more likely to be qualified to NVQ equivalent Level 5 (above degree level qualification), and definition 3 atypical workers are the most highly qualified, followed by definition 2 atypical workers. This is likely to be due to the fact that computer use is correlated with more highly skilled employment. That teleworkers are more skilled than the average worker is an important consideration in the formulation of policies towards atypical working.

Figure 6.3: Qualifications of homeworkers

Source: LFS, Apr-Jun 2006

Looking just at definition 1, we find that atypical workers in the East Midlands are less likely to have level four or five equivalent qualifications than their counterparts in the UK as a whole, but are marginally more likely to hold a level 3 or equivalent qualification and also more likely to have no qualifications at all.

6.3 ATYPICAL WORKING BY INDUSTRIAL SECTOR

In terms of the sectoral distribution of atypical workers, figures 6.4 and 6.5 show the share of atypical workers in the sectoral workforce, using our three definitions.

Figure 6.4: Atypical working by industrial sector (% of sector employment)

	Definition 1		Definition 2		Definition 3	
	UK	EM	UK	EM	UK	EM
Agriculture	51.7	45.1	9.0	10.4	4.6	5.0
Mining/utilities	10.8	6.4	8.3	4.3	7.1	4.4
Metals, minerals, chemicals	8.3	12.1	8.1	11.9	7.0	11.3
Engineering	8.0	3.9	7.8	4.9	7.3	4.2
Other manufacturing	9.5	7.1	6.5	4.0	3.8	2.4
Construction	35.1	34.7	11.1	12.2	5.1	6.3
Distribution, hotels, catering	6.4	6.6	4.0	4.4	2.2	2.5
Transport, communications	10.9	9.1	5.8	6.4	4.5	3.6
Financial, business services	16.8	16.5	14.8	15.6	9.2	11.2
Other (mainly public services)	8.3	6.3	6.6	5.3	4.3	3.8

Source: LFS, Apr-Jun 2006

Figure 6.5: Atypical working by industrial sector (% of atypical employment)

	Definition 1		Definition 2		Definition 3	
	UK	EM	UK	EM	UK	EM
Agriculture	5.4	6.1	1.5	2.1	0.7	1.1
Mining/utilities	0.8	0.6	1.0	0.6	1.5	1.0
Metals, minerals, chemicals	2.1	4.2	3.2	6.2	4.7	9.4
Engineering	3.0	2.1	4.6	4.0	7.5	5.7
Other manufacturing	4.1	5.2	4.4	4.4	4.2	4.2
Construction	22.9	24.6	11.3	12.9	6.1	7.2
Distribution, hotels, catering	10.0	12.6	9.6	12.5	8.6	11.0
Transport, communications	6.0	6.3	5.0	6.6	6.0	5.8
Financial, business services	21.7	19.0	29.7	26.7	28.4	27.9
Other (mainly public services)	23.8	19.2	29.6	24.2	32.1	26.7

Source: LFS, Spring 2006

Given our definitions, and in particular, the different emphasis placed on the importance of ICT, we find that in many 'traditional' sectors, for example agriculture and construction, the share of atypical workers of the sectoral workforce as a whole declines sharply between definition 1 and definitions 2 and 3 (see figure 6.4).

In terms of the importance of sectors to atypical working (figure 6.5), for definition 1, the construction sector contributes almost a quarter of atypical workers, both at the national level and for the East Midlands. However, moving to the narrowest definition (definition 3), the importance of construction drops out (probably due to the high levels of self-employment and relatively low levels of ICT in construction). For this definition of atypical working, financial and business services and other (mainly public) services account for more than half of all flexible workers.

One surprising result is the importance of atypical working to the metal, mineral and chemicals sector – using all three definitions, over 10 per cent of employees work atypically. To understand the reasons behind this, would require further detailed investigation into the lower level industries and companies involved.

6.4 ATYPICAL WORKING BY OCCUPATION

In terms of the occupational distribution of atypical workers, figures 6.6 and 6.7 show the share of atypical workers in the workforce, using our three definitions.

Figure 6.6: Atypical working by occupation (% of sector employment)

	Definition 1		Definition 2		Definition 3	
	UK	EM	UK	EM	UK	EM
Managers and Senior Officials	13.9	13.6	14.3	14.4	10.8	11.4
Professional occupations	11.4	9.1	14.3	13.5	9.1	9.6
Associate Professional and Technical	13.9	11.8	11.7	10.0	5.1	4.7
Administrative and Secretarial	6.9	6.3	4.9	3.8	3.3	2.6
Skilled Trades Occupations	30.1	25.5	8.7	8.5	1.9	2.1
Personal Service Occupations	10.3	8.8	2.2	2.1	0.7	1.5
Sales and Customer Service Occupations	4.3	5.4	1.9	3.4	0.7	0.8
Process Plant and Machine Operatives	9.6	6.2	2.3	1.7	0.5	0.2
Elementary Occupations	6.5	5.5	1.1	1.1	0.2	0.2

Source: LFS, Apr-Jun 2006

Figure 6.7: Atypical working by occupation (% of atypical employment)

	Definition 1		Definition 2		Definition 3	
	UK	EM	UK	EM	UK	EM
Managers and Senior Officials	17.2	19.7	27.6	31.0	37.9	41.7
Professional occupations	12.1	9.9	23.7	22.0	27.6	26.6
Associate Professional and Technical	16.2	14.0	21.4	17.7	16.9	14.1
Administrative and Secretarial	6.8	6.3	7.5	5.6	9.2	6.4
Skilled Trades Occupations	26.5	27.3	11.9	13.6	4.6	5.7
Personal Service Occupations	6.6	6.4	2.2	2.2	1.2	2.7
Sales and Customer Service Occupations	2.7	4.0	1.9	3.7	1.2	1.5
Process Plant and Machine Operatives	5.9	5.5	2.2	2.2	0.9	0.5
Elementary Occupations	6.0	6.9	1.6	2.0	0.5	0.6

Source: LFS, Apr-Jun 2006

Looking first at the importance of atypical working within different occupations, at both the regional and national level we generally find a greater prevalence of atypical working amongst higher skilled and professional occupations. This supports both the anecdotal and research evidence from our literature review.

Using our broadest definition (people working from home or using home as a base – definition 1) we find that the highest prevalence of atypical working is amongst skilled trades. This is unsurprising since a relatively large proportion of these people will be field based. However, the share falls sharply as our definitions narrow, since the importance of ICT is still relatively low within these occupations.

By contrast to this, for higher skilled and professional occupations, the importance of ICT means that the extent of atypical working for these occupations increases for definitions 2 and 3.

Looking at the changing pattern over time, the availability of just four years data (2003-06) means that there is probably insufficient time series to make any hard-and-fast observations. However, some movement in the profile of atypical workers is notable at this stage, particularly with regards to IT enabled flexible working (definition 2). In the UK, for example, there appears to be a clear shift towards a higher share of personal service occupations within the atypical worker (definition 2) population. This change is less evident for the East Midlands.

6.5 ATYPICAL WORKERS AND THE KNOWLEDGE ECONOMY

Recent years have seen increasing use of the term ‘knowledge economy’. However, whilst it is easy to equate knowledge economy to technology, its definition goes much further than this.

“A knowledge Economy is not simply an IT economy. It is an economy which successfully exploits knowledge for wealth creation across all industries and sectors.” (2004 Intellect)

Previous work by Experian on the knowledge economy has used the following definition:

- The knowledge economy includes those private sector industries where there is at least a 40 per cent share of occupations, with at least a 40 per cent share of workers qualified to NVQ Level 4 or above.

Whilst the data does not allow us to go down to the level needed to estimate the share of flexible working in the knowledge economy, our profiling of atypical workers by industry, occupations and qualifications does suggest a relatively high share of flexible workers in knowledge economy industries. Indeed, research by Experian shows that the knowledge economy has a relatively high share of industries in Financial and Business Services and Other Services (non-public).

6.6 LOCATION OF ATYPICAL WORKING IN THE EAST MIDLANDS

Using the detailed Labour Force Survey results we can map by Local Authority District, where atypical workers are located. Figure 6.8 shows the location of atypical workers at a local authority level and the following pages map this information.

Figure 6.8: Atypical workers by county and LAD region

Local Authority/Unitary Authority	Workforce size	Definition 1	Definition 2	Definition 3
Derbyshire	398,200	10%	7%	n/a
Amber Valley	57,700	13%	8%	3%
Bolsover	29,900	9%	*	*
Chesterfield	45,800	6%	3%	*
Derby	37,700	18%	13%	5%
Derbyshire Dales*	34,200	8%	11%	9%
Erewash	55,400	7%	5%	2%
High Peak*	45,600	18%	15%	6%
North East Derbyshire	45,300	7%	3%	3%
South Derbyshire*	46,600	7%	3%	*
Leicestershire	354,100	13%	9%	n/a
Blaby	49,500	17%	14%	7%
Charnwood	82,300	5%	7%	4%
Harborough*	37,600	14%	8%	*
Hinckley and Bosworth*	51,800	7%	4%	3%
Leicester	39,500	13%	11%	8%
Melton*	24,600	14%	14%	*
North West Leicestershire*	43,000	24%	18%	14%
Oadby and Wigston	25,800	13%	*	*

Local Authority/Unitary Authority	Workforce size	Definition 1	Definition 2	Definition 3
Lincolnshire	299,900	14%	7%	n/a
Boston*	26,100	13%	*	*
East Lindsey*	54,900	24%	8%	5%
Lincoln	39,600	8%	9%	5%
North Kesteven*	44,000	15%	11%	6%
South Holland*	37,100	14%	4%	4%
South Kesteven*	60,400	15%	9%	8%
West Lindsey*	37,800	8%	*	*
Northamptonshire	319,400	11%	8%	n/a
Corby	22,400	10%	*	*
Daventry*	37,700	19%	12%	8%
East Northamptonshire*	40,400	14%	10%	6%
Kettering	39,500	12%	11%	8%
Northampton	96,200	6%	5%	4%
South Northamptonshire*	47,700	11%	10%	4%
Wellingborough	35,500	10%	8%	4%
Nottinghamshire	453,800	8%	8%	n/a
Ashfield	50,100	11%	5%	*
Bassetlaw*	48,700	10%	10%	4%
Broxtowe	49,800	9%	11%	8%
Gedling	50,400	14%	7%	6%
Mansfield	38,800	6%	4%	3%
Newark and Sherwood*	51,000	20%	11%	6%
Nottingham	113,000	6%	4%	3%
Rushcliffe*	52,000	24%	16%	8%
Rutland	17,700	10%	10%	n/a
Rutland*	17,700	10%	10%	*

Source: LFS Apr-Jun 2006

Notes: LAD/Unitary Authorities marked with a “*” are defined as rural.

Using definition 1, the highest concentration of homeworkers are in East Lindsey, Rushcliffe, and North West Leicestershire, with levels varying between 20 and 24 per cent of the total workforce. These are all rural districts (marked with an asterisk in Figure 6.8). Areas with much lower levels of definition 1 homeworking (of between 5 and 7 per cent) include Charnwood and Nottingham City, urban local authorities.

When mapping the proportion of definition 2 homeworkers East Lindsey no longer ranks highly (figure 6.8). This suggests that a large number of its homeworkers are not IT reliant teleworkers and this could be due to a larger than average farming sector. However, Rushcliffe, and North West Leicestershire continue to have high proportions of definition 2 workers.

North West Leicestershire also has the highest percentage of definition 3 teleworkers. This high proportion of teleworking employees may be related to the area’s proximity to the urban triangle of Nottingham, Leicester, and Derby with their concentration of service sector jobs. Reflecting the views of some of our consultees, atypical workers want to have the benefits of living in the countryside, but still have access to work and therefore need to be located close to good transport links to urban areas.

Figure 6.9: The rural urban divide – atypical workers as a share of the workforce

	Definition 1	Definition 2	Definition 3
Rural	6.0%	3.8%	2.1%
Urban	4.6%	3.2%	1.8%

Source: LFS Apr-Jun 2006

Using the rural-urban split of local authorities, we can examine the importance of atypical working to the rural verses urban economies. Figure 6.9 shows that in using all three definitions,

there is a higher share of atypical workers in rural locations. This is particularly true using definition 1, reflecting the relative importance of agriculture, but it is also true of the other definitions reflecting the notion that homeworkers are often looking for an escape from the ‘rat-race’ of city living.

Figure 6.10: Distribution of definition 1 homeworkers in the East Midlands

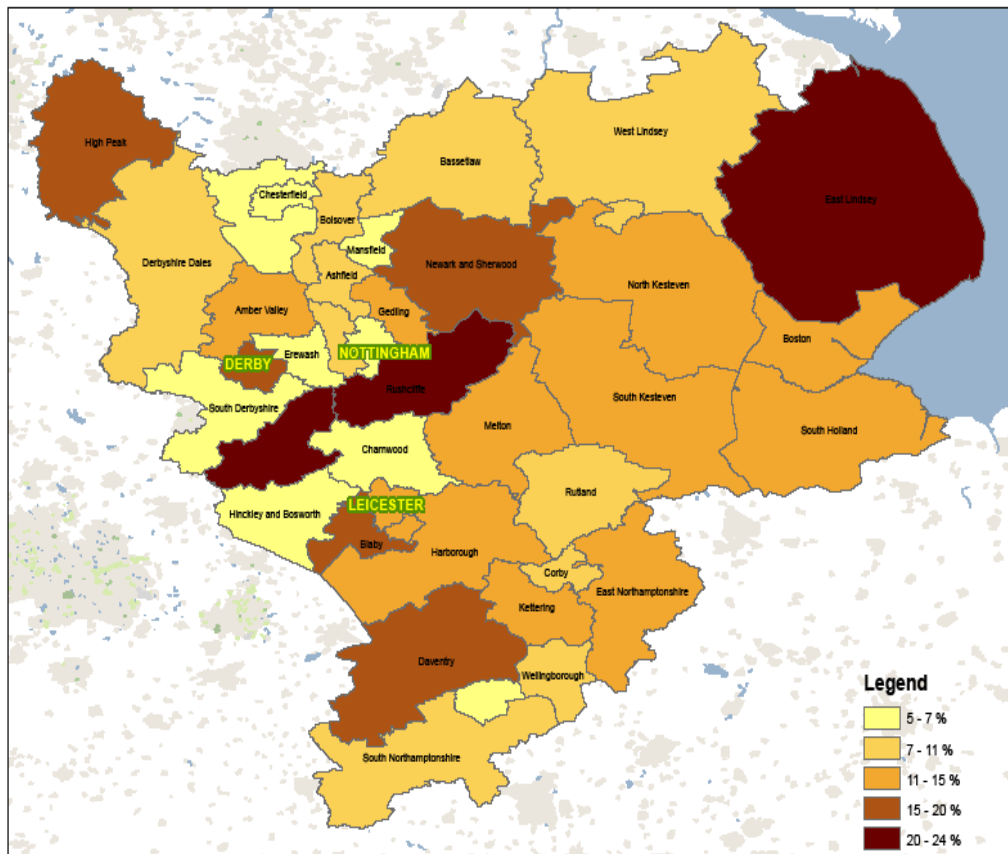


Figure 6.11: Distribution of definition 2 homeworkers in the East Midlands

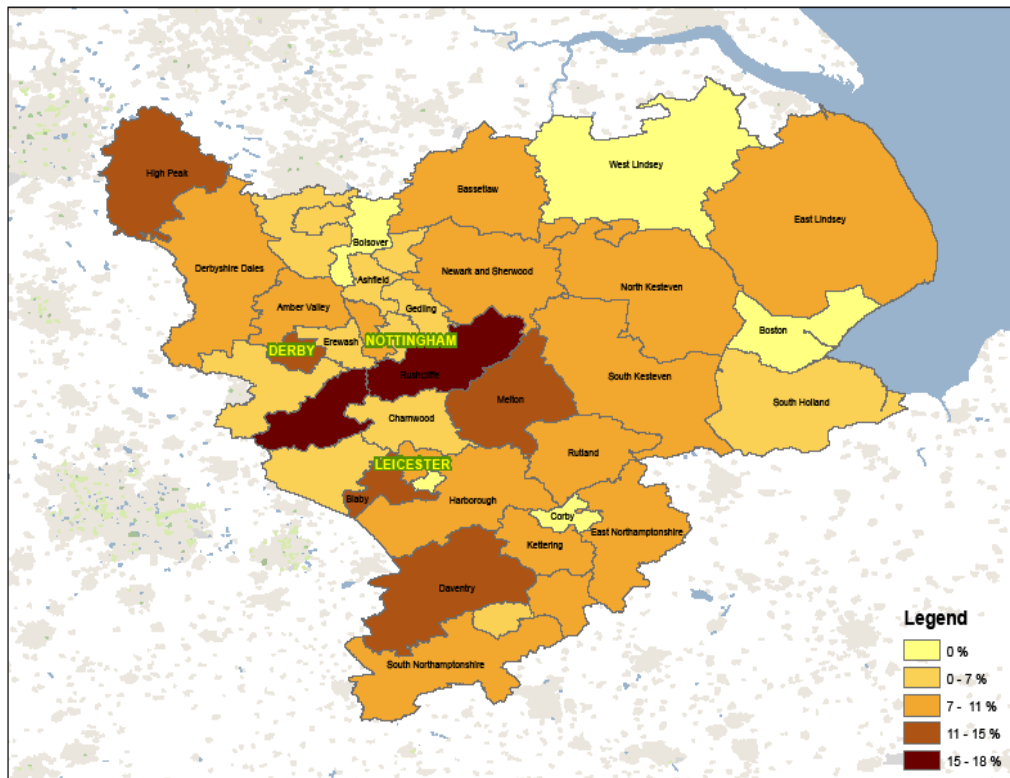
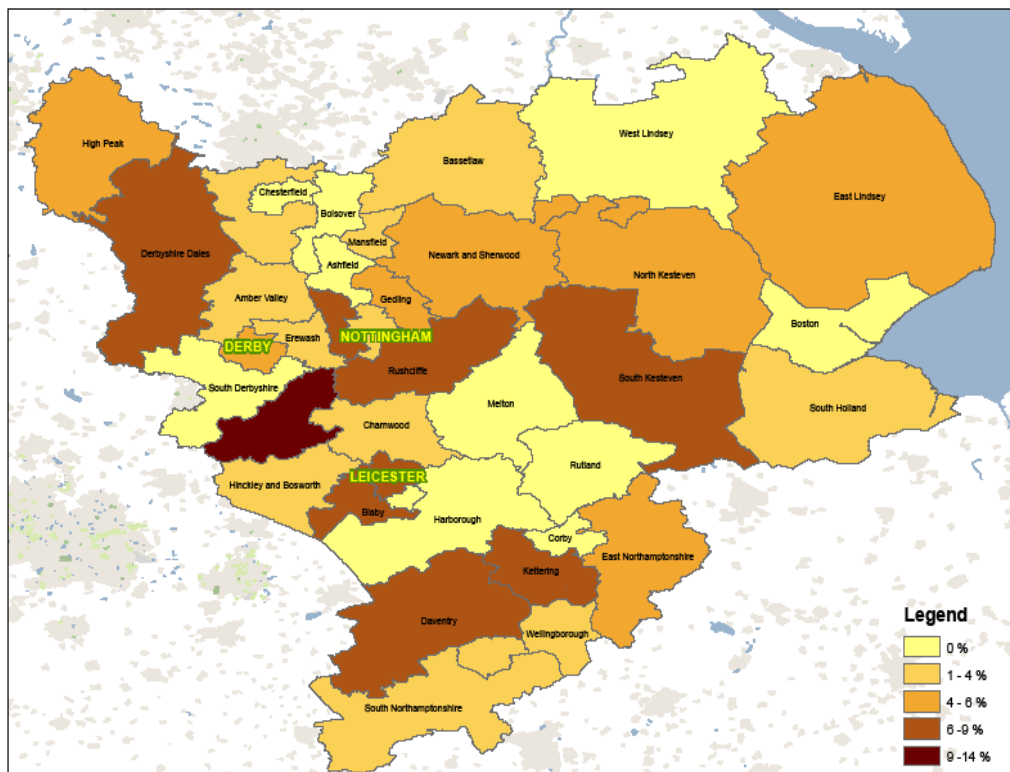


Figure 6.12: Distribution of definition 3 homeworkers in the East Midlands



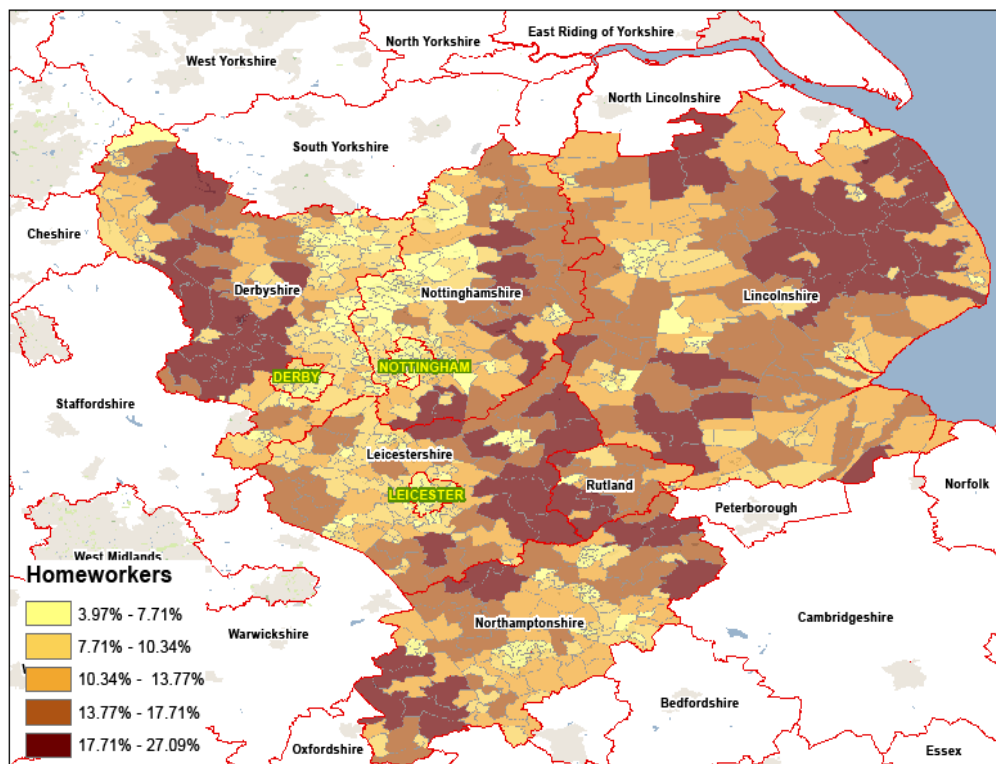
6.6.1 Using the Census data

More detailed local information on homeworking can be obtained from the 2001 Census. Whilst this is now a little dated (particularly when looking at a variable that is influenced by technology), it does allow analysis at the ward level. The Census variable we use is ‘works at or mainly at home’, which is effectively our definition 1 atypical workers (based on the LFS).

The following three maps show the penetration of homeworkers (as defined by the Census) by ward, the penetration of high skilled occupations (Managers and Senior Officials, Professionals and Associate Professionals and Technicians), and the predominant MOSAIC group in each ward.²

Figure 6.13, shows some correlation between homeworking as defined by the Census (2001) and the LFS (2006). In particular, high concentrations of homeworkers in the wards of East Lindsey and those south of Nottingham. However, the Census map also shows wards with high penetration of homeworking in the Derbyshire Dales and High Peak and in and around Rutland.

Figure 6.13: Distribution of Census defined homeworkers by ward



Comparing the penetration of homeworkers and high-skilled occupations, shows some positive correlation between the two. In particular, in those wards of the Derbyshire Dales and High Peak and in and around Rutland, where there is a high share of homeworkers, there is also a relatively strong presence of higher skilled occupations. However, in the wards of East Lindsey, where there is also a high share of homeworking, the share of high-skilled occupations is low. This most likely reflects the relative importance of traditional sectors to this area.

² Experian's MOSAIC classified consumers in the UK into 11 groups and 61 types. A total of 400 economic, demographic and cultural variables are used to build MOSAIC, it therefore paints a rich picture of UK consumers in terms of their socio-demographics, lifestyles, culture and behaviour.

Figure 6.14: Distribution of high-skilled occupations by ward

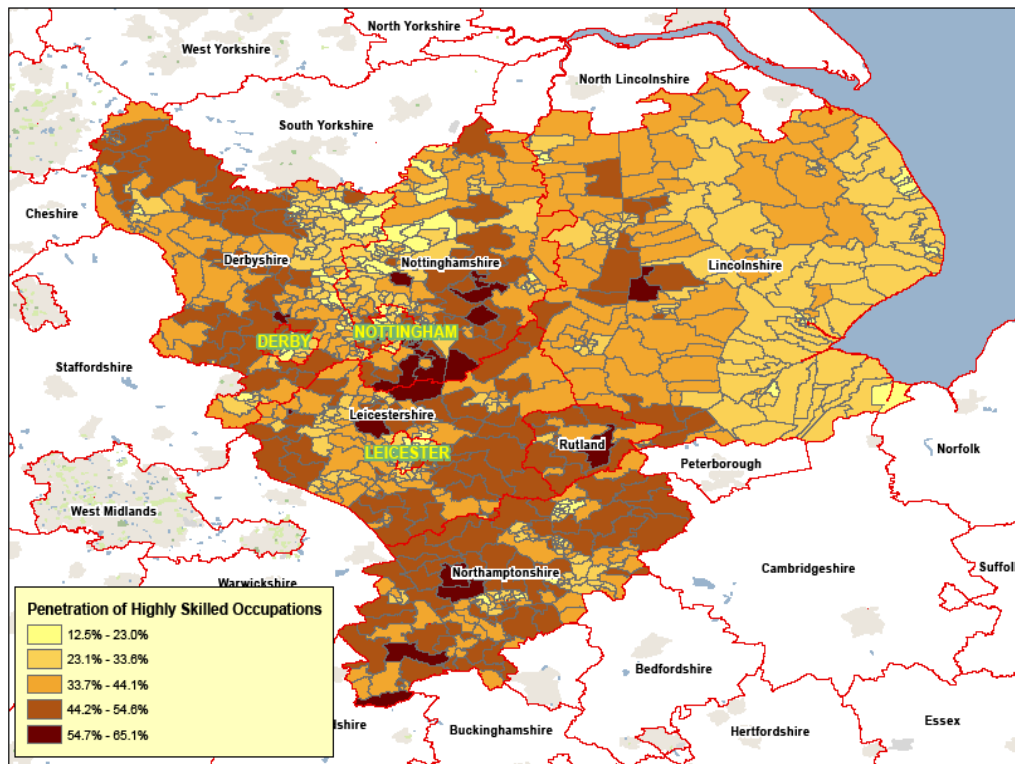
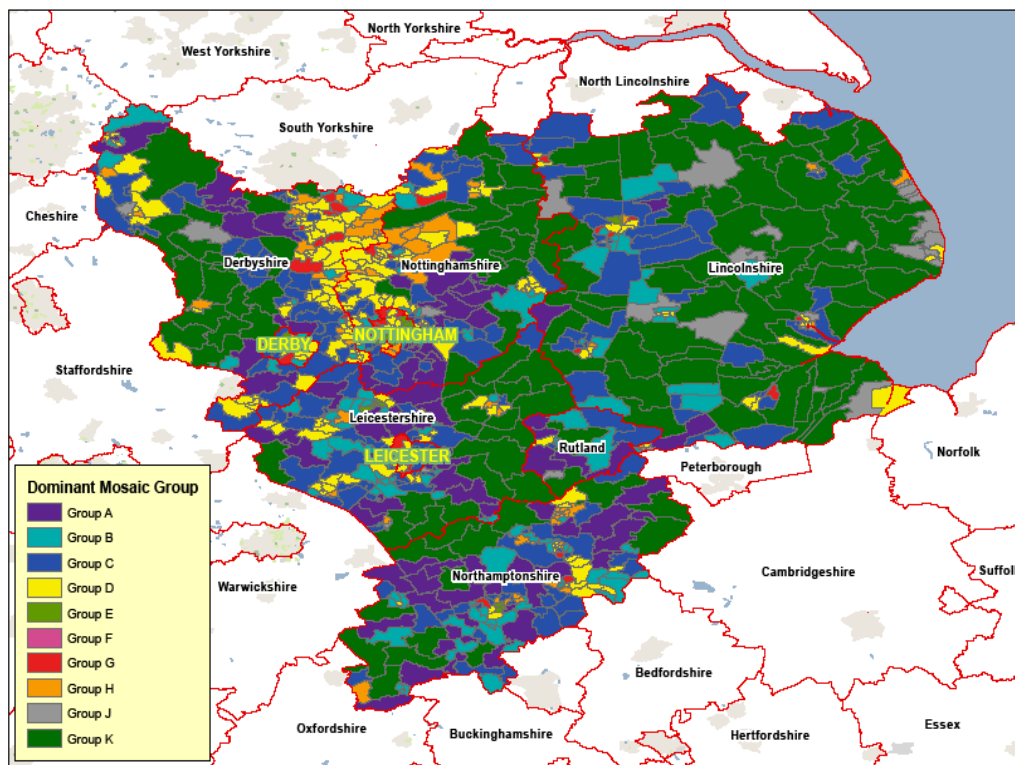


Figure 6.15: Distribution of MOSAIC groups by ward³



³ MOSAIC groups are: Group A: Career professionals living in sought-after locations; Group B: Younger families living in newer homes; Group C: Older families living in suburbia; Group D: Close-knit, inner city and manufacturing town communities; Group E: Educated, young, single people living in areas of transient populations; Group F: People living in social housing with uncertain employment in deprived

Comparing the penetration of homeworking and the MOSAIC profile of each ward shows that homeworking is primarily in rural locations. In particular, we find homeworking in wards that whilst being rural are still on the periphery of urban areas. Therefore, workers are able to live and work in the countryside, but still have access to clients and customers in more urban locations.

areas; Group G: Low income families living in estate-based social housing; Group H: Upwardly mobile families living in homes bought from social landlords; Group I: Older people living in social housing with high care needs; Group J: Independent older people with relatively active lifestyles and Group K: People Living in rural areas far from urbanisation.

7 The future of teleworking in the East Midlands

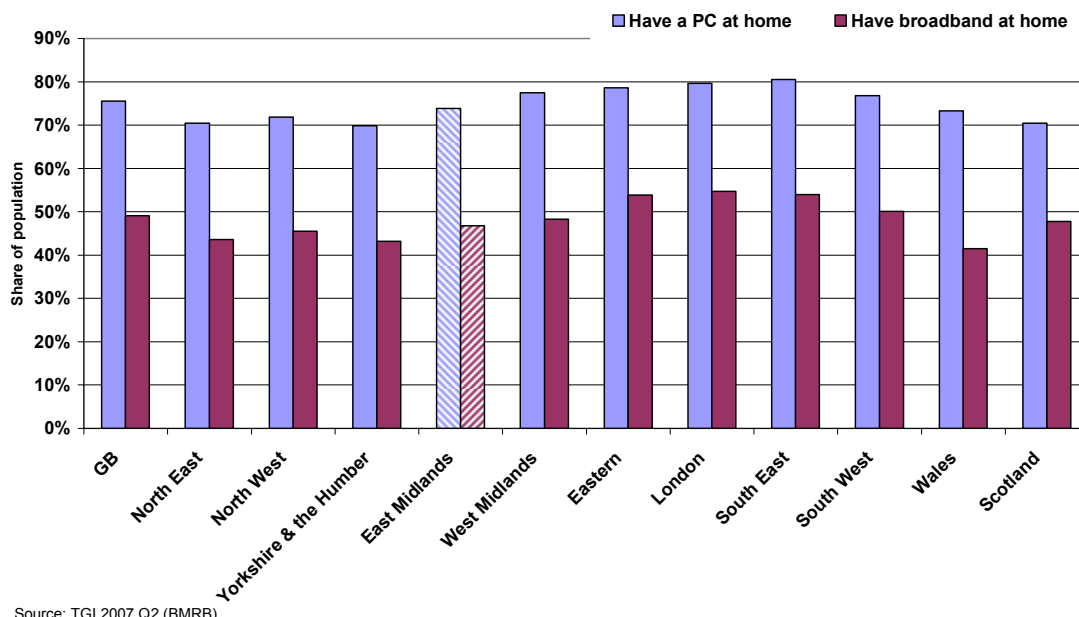
For workers to become day extenders, campus workers, travelling workers or teleworkers a basic technological platform is necessary. This platform (websites, broadband connections and networked PCs) is becoming increasingly ubiquitous in the East Midlands, as elsewhere. This chapter examines, from both a business and household perspective, the penetration of e-technology within the East Midlands. Here we look at the growth in penetration and how the East Midlands compares with the rest of the country.

7.1 E-TECHNOLOGY AT HOME

Throughout the country, usage of ICT and e-technology in the home has risen sharply over recent years. According to TGI, in 2001/02, just over a half of British households (54 per cent) owned a PC, roughly similar (53 per cent) to that in the East Midlands. However, by 2006, these shares had increased to 76 per cent (GB) and 74 per cent (East Midlands).

In terms of connectivity, the rise has been even more rapid over recent years as the infrastructure enabling broadband connections expands around the country. In 2003/04, broadband connectivity at home was just 9 per cent nationally and 10 per cent in the East Midlands (TGI). By 2006, this had increased to 49 per cent in Britain and 47 per cent at the regional level. Alternative figures from the ONS show the share of households (as opposed to individuals) with broadband access. On the assumption that many individuals share their internet access with other members of their household, these figures are slightly lower than from the TGI survey – 40 per cent nationally and 41 per cent in the East Midlands.⁴

Figure 7.1: Household PC ownership and connectivity in the regions, 2006



⁴ National Statistics Omnibus survey, 2006

The latest regional profile of home PC ownership and internet connectivity is shown in the figure above. It shows a clear north-south pattern with higher home PC ownership and broadband connectivity in London and its surrounding regions. A similar pattern is shown by the ONS survey. This partly reflects the demographic, social and occupational profile of these regions, particularly London where there is a much higher than average share of young professionals. Indeed, additional survey results from Ipsos MORI suggests that it is social class⁵ (as opposed to age or gender) that is the biggest differentiator of internet access, particularly amongst those of working age – at the end of 2006 the share of ABs with internet access (at home or work) was almost double that of DEs. By contrast the variation between different age groups (15-64) was significantly less, although this was only amongst social classes AB and C1 (see figure 7.2). However, the regional differences in broadband access will also reflect broadband availability.

Figure 7.2: Share of GB population with internet access at home or at work, 2006

%	All	15-24	25-34	35-44	45-54	55-64	65+
All	62	74	72	78	72	59	24
AB	79	89	88	93	91	80	42
C1	73	85	85	86	81	70	27
C2	58	74	65	74	67	44	18
DE	37	55	45	52	38	29	8

Source: Ipsos MORI Monthly Technology Tracker, 2006Q4

Despite this rise in ownership and connectivity, there appears to have been little change in the share of the population who use their home PC for work. According to TGI, in 2001/02, the share of the national population who used their home PC for work brought home was 16 per cent (17 per cent in the East Midlands), and by 2006 this had barely changed (16 per cent at both the national and regional levels).

7.2 E-TECHNOLOGY AT WORK

For businesses in the East Midlands, EMDA's e-Adoption survey shows rapid expansion in e-technology penetration and tells a positive story about the possibilities for teleworking in the East Midlands (see figure 6.3). Of those businesses with a computer, the majority (83 per cent) had broadband in 2006, a notable 26 percentage point increase on 2005, and almost a half had networked computers. In 2005 the East Midlands was lagging behind the national picture – the latest available e-commerce Survey of Business from the ONS, showed that nationally 75 per cent of businesses reported using broadband for their internet connection in 2005 (the figure for the East Midlands was 57 per cent in 2005).

However, the survey also shows that 36 per cent of businesses (of which a disproportionate number are small businesses) do not use PCs at all. Given that affordable PC-based productivity enhancing solutions have been available since the early 1990s it is likely that many of these businesses do not see the need for IT solutions and will not be embracing IT en masse in the next few years. The existence of these PC-free businesses limits the potential growth of teleworking.

⁵ Classified as A = Higher managerial, administrative or professional; B = Intermediate managerial, administrative or professional; C1 = Supervisory or clerical and junior managerial, administrative or professional; C2 = Skilled manual workers; D = Semi and unskilled manual workers; E = State pensioners or widows (no other earner), casual or lowest grade workers.

Figure 7.3: East Midlands e-technology penetration (% of SMEs with a computer)

	2003	2005	2006
Have website	49	50	64
Have broadband	n/a	57	83
Have internet connection	80	83	90
Have networked computers	34	41	48

Source: East Midlands e-Adoption Survey 2006

On the other hand, businesses which do not have the capability to allow staff to telework tend to be relatively small in terms of employee numbers. The 2006 East Midlands e-Adoption Survey showed that more than half of large employers in the region allowed remote access working for at least some workers. While the figures are impressive it is worth pointing out that these are figures for businesses that allow at least one employee to use remote access working. Only when a large proportion of employees in an organisation are engaged in atypical working will there be substantial effects on the organisation, the employees within it, and the economy as a whole.

In terms of those employees who actually take up the ability to work from home, the figures quoted above showed that the share who used their home PC to work from home was relatively small and had remained unchanged over the past five years. However, additional evidence from TGI shows that the share of the population who uses their work computer to work from home has increased. Whilst this number is still very small, in the East Midlands the share increased from 3 per cent in 2001/02 to 5 per cent in 2006, and in Britain the share rose from 4 to 6 per cent.

8 Estimating the number of employers operating flexible working practices

Limited evidence on the number of employers who operate flexible working practices exists from the East Midlands e-Adoption Survey (EMDA) and the e-Commerce Survey of Business (ONS). Although these two surveys are not strictly comparable, from them we can use the following questions:

- Businesses where staff use computers away from the business site as part of their everyday job (EMDA)
- Businesses with remote access to their ICT systems for persons working at least half a day a week away from their workplace (ONS)

Figure 8.1 below shows a summary of the responses to these questions. They show that larger firms are more likely to operate flexible working practices, which contrasts with previous evidence which showed that flexible/atypical workers were more likely to work in SMEs.

Figure 8.1: Availability of remote working to employees, share of businesses by size

	UK 2005		East Midlands 2006	
	0-49 employees	50-249 employees	0-49 employees	50-249 employees
Allow remote access working	25	52	29	51

Source: East Midlands e-Adoption Survey 2006; 2005 e-Commerce Survey of Business, ONS

What this suggests is that because larger firms are more likely to have the technology in place to enable flexible working, they can make it available and some employees will take up this offer. However, evidence from both the literature research and our own case studies show that for flexible working practices to work at a large scale involves significant changes in management style and working practices. Therefore, the evidence suggests that in many large firms relatively few employees actually take up the offer to work flexibly, due either to management or individuals' own resistance. Indeed, our BT case study shows that it takes many years for flexible working to be successfully rolled out at a large scale. By contrast, for SMEs, once the technology is in operation, flexible working can be more easily managed.

Using information on the share of businesses, by size, with flexible working practices in operation we can estimate the actual number of 'flexible' firms by using information from the Annual Business Inquiry on total number of firms, by size, in the East Midlands and Britain.

Figure 8.2: Estimates of businesses with flexible working practices in operation

No of employees	East Midlands	GB
1-9	34,000	483,000
11-49	10,000	77,000
50-199	3,000	36,000
200+	1000	12,000
Total	48,000	608,000

Source: East Midlands e-Adoption Survey 2006; 2005 e-Commerce Survey of Business, ABI, Experian estimates

Figure 8.2 shows, by firm size, the number of businesses nationally and in the East Midlands, who operate flexible working for their employees. We estimate that in the region there are a total of 48,000 firms, employing one or more staff, operating flexible working. At the national level we estimate there are 609,000 'flexible' firms. To put these figures into context, the total number of firms employing one or more members of staff in the East Midlands and Britain are 160,000 and 2.3 million, respectively. Therefore, the proportion of firms operating flexible working is 30% in the East Midlands and 26% in Britain.

9 Estimating the contribution of atypical working to the East Midlands economy

9.1 DEFINING ATYPICAL WORKERS

For the purposes of estimating the contribution atypical working makes to the East Midlands economy we chose to use our broadest definition – working from home, in the same grounds or buildings as home, or using home as a base. Not only is this consistent with other studies of atypical, flexible working or teleworking – Future Foundation (2005), One North East (2005) – but, more importantly, due to sample sizes from the LFS, this definition ensured our results would be as statistically robust as possible.

9.2 ESTIMATING GVA FROM ATYPICAL WORKING

Gross Value Added (GVA) measures all income generated by the production process, and is made up of ‘compensation of employees’ plus operating surplus/mixed income. The method adopted estimated the share of atypical working in total compensation of employees (wages and salaries plus employers’ social contributions) for individual industries, and then allocated GVA on the same basis as compensation of employees, i.e. if atypical workers are estimated to earn 10 per cent of total wages and salaries in an industry, then 10 per cent of total industry GVA is allocated to atypical employment and the remaining 90 per cent to ‘standard’ employment. A full methodological note is contained in Appendix B.

The results are shown in figure 9.1 below. These estimates are intended to give an indication of the economic value of atypical working in the East Midlands as measured by the income (GVA) associated with atypical working. They should be considered the top level estimates since we do not take into account the proportion of the week where atypical working is undertaken as opposed to days worked in the office. Furthermore, since we are using the broadest definition of atypical working, we are also including traditional homeworkers and non-teleworking self-employed, for example self-employed builders, plumbers etc.

Overall, we estimate that in 2006, 12 per cent of the region’s GVA was contributed to income associated with atypical working. However, surprisingly, despite advances in technology and changes in the law, which have opened up the flexible working possibilities, this share has remained fairly constant since 2003. Indeed, it has even declined slightly, from 14 per cent in 2004 and 2005, which has largely been the result of a decline in income generated from atypical working in Construction and Financial and business services.

The industrial breakdown is presented below. The choice of industry reflects the importance of atypical working in particular sectors, most notably financial and business services, but also construction and distribution, hotels and restaurants.

The table firstly shows the prevalence of atypical working in particular sectors. Unsurprisingly, given the share of self-employment, atypical working contributes the highest proportion of income to the Construction and Agriculture, hunting, forestry and fishing sectors, 31 per cent and 49 per cent respectively. By contrast, in line with evidence from the literature review, its contribution to the income of the public sector is minimal, reflecting the fact that this sector has been relatively late to adopt flexible working practices. This low share also relates to the fact that, by definition, there is no self-employment in this sector. In public administration, just 2 per cent of the sector’s income is generated by activities associated with atypical working, and the

shares in health and education are 6 and 4 per cent respectively. However, as recent evidence suggests (e.g. changes at the DTI, the Environment Agency and Hertfordshire County Council – see literature review), with the advancement of technology and the slow change of manager attitudes, the public sector is now beginning to embrace flexible working, and it is likely that these figures will increase in the future. However, due to the nature of many public services (e.g. education and health services), the contribution made by atypical working is unlikely to reach the levels in many other sectors.

Figure 9.1: The contribution of atypical working to the East Midlands economy, 2006

	Share of industry output (%)	Share of atypical output (%)
Agriculture, hunting, forestry and fishing	47	6
Extraction, manufacturing & utilities	8	16
Construction	33	19
Distribution, hotels & restaurants	10	15
Transport, storage, communications	12	7
Financial & business services	17	27
Public admin. & defence; compulsory social security	2	1
Education	4	2
Health and social work	6	4
Community, social and personal service activities	13	4
Total	12	100

Source: Experian, 2007

Secondly, the table shows the contribution made by different sectors to income generated by atypical working. Again, this highlights the importance of financial and business services, contributing 27 per cent of income associated with atypical working. This is partly a result of the prevalence of atypical working practices in this sector but also the higher wages received, and thus income generated, by its workforce.

At the other end of the scale, income associated with atypical working in public administration contributes to just 1 per cent of the total.

9.3 INDICATIVE ESTIMATES USING OTHER ATYPICAL DEFINITIONS

Whilst we have concentrated on definition 1 for our estimates of the contribution of atypical working to the East Midlands economy, for reasons discussed above, it is useful to look at some indicative figures based on the other definitions we have looked at in this report. These are shown in figure 9.2. Whilst the number of atypical workers falls sharply when we look at definitions 2 and 3, their contribution to GVA falls by less, reflecting the different industries in which these people work – workers in definitions 2 and 3 are more concentrated in sectors such as Financial and business services, and they are more likely to be employed in higher skilled occupations.

Figure 9.2: The contribution of atypical working to the East Midlands economy, 2006

	Definition 1	Definition 2	Definition 3
Contribution to GVA	12%	9%	5%

Source: Experian, 2007

10 Case studies

10.1 SUMMARY OF CASE STUDY FINDINGS

The findings of our 10 case studies, detailed below, largely reflect those from the literature review.

10.1.1 Advantages of flexible working

- *Reduced costs* - as a result of reduced need for office space
- *Increased productivity* - although this in part must reflect the fact that a relatively high proportion of flexible workers were paid by results or time worked.
- *Lower absenteeism and higher retention of staff* – flexible working makes employees feel more valued and, to some extent, allows them to fit their personal commitments around their working life (improved work-life balance).
- *Improved recruitment* – the offer of flexible helps firms stand out and attract the best applicants
- *Extension of working hours/increased customer service* – flexibility of hours enabled firms to offer the services of flexible workers outside standard office hours.
- *Reduced commuting*
- *Opening up the labour market* – this is both in terms of bringing previously excluded workers back into the labour market (see Homeshoring Project) or enabling maternity returners to come back to the workforce on hours or conditions that suit their childcare responsibilities.

10.1.2 Disadvantages of flexible working

In general, the case studies showed that many of the often trumpeted disadvantages of flexible working (e.g. isolation of workers, the inability to manage staff and security issues) can be easily overcome. Indeed, the clear message that comes out is that by choosing employees suitable for flexible working, choosing the right technology and adapting management techniques, there are no notable disadvantages to flexible working.

However, the Lindum Group case study (section 10.10) is an important reminder that not all companies are willing to adapt their management styles to accommodate flexible working and their attitude remains firmly against this form of working.

10.2 PATCHWORK COMMUNICATIONS LTD

Patchwork Communication Ltd is a small call centre set up five years ago, and is based in Derby. It currently employs 11 call centre staff and 14 sales staff. Of these, four call centre staff work solely from home and seven work from the office. All the sales staff work out of the office, ‘on-the-road’.

Staff at Patchwork Communications began working from home around two years ago. Homeworkers are all generally a bit older (younger staff like the social aspect of an office environment) and have opted for home working for personal reasons. One homeworker (with children) wanted to fit her work round her family, another wanted to fit around her partner’s business activities, another didn’t like an office environment (‘doesn’t like mixing with other

people’) and the final homeworker was a freelance journalist and needed to fit work around these commitments.

All homeworkers and sales staff are registered self-employed and the company contracts their services and pays them on results. In the past they had trialled allowing employees to work from home but this had not worked out, with staff abusing the firm’s trust (homeworkers were found to not be working their full hours).

In terms of equipment, all the homeworkers used their own PCs and telephones and were given access to the company’s network via broadband and secure VPN (Virtual Private Network).

10.2.1 Advantages of homeworking

As an employer, Patchwork Communications is very enthusiastic about homeworking and would like to increase the number of homeworkers it uses. The main benefits are:

Reduced cost – since homeworkers were self-employed the company didn’t have to pay for holidays, sick pay, pensions and also reduced its employer tax bill.

Increased productivity – the firm estimated that the productivity of homeworkers was double that of office-based staff. This was largely because homeworkers were paid on results so if they didn’t work they didn’t get paid.

Extension of working hours – homeworkers were able to choose when they made calls and therefore could work out of office hours. However, to keep the office open beyond the standard hours of nine to five was not economically viable.

Reduced absenteeism – the company had noticed a significant reduction in absenteeism. All homeworkers had previously worked in the office and all had ‘had their time off sick’. However, with the move to homeworking absenteeism had become a very rare occurrence – our contact claimed that ‘when they call to say they can’t work you really know they’re sick’.

For the individual the main benefit was that they improved their work/life balance and they felt more in control of their lives. As a result, any concern about the impact homeworking might have on their career prospects was not found to be an issue.

Furthermore, in order to avoid potential isolation and to encourage team building, homeworkers were invited to working lunches, company outings and company sports events.

10.2.2 Disadvantages of homeworking

Whilst Patchwork Communication would like to employ more homeworkers, they found it difficult to recruit them. Their main method of recruitment was via the Jobcentre. However, the company found that the Jobcentre was reluctant to use the term self-employed ‘homeworker’ and they struggled to get across in an advert exactly what the job entailed.

They also found that homeworking was not suitable for everyone and there was some difficulty in finding the right people – people who were self-motivated and independent. The firm had found that in practice it was better to employ staff for a trial period in the office before allowing them to work from home. This allowed the company to see what the new member of staff was like and to allow the individual to learn the job and decide whether homeworking would be right for them.

10.3 MONKIE DESIGN AND BRAND CONSULTANTS

Monkie are a small design consultancy set up three years ago and located in Nottingham. The company is made up of its two founders and one part-time office manager. In addition to this they use a number of freelance designers, who generally have some previous working history with one of the two founders and are very well trusted.

The company was originally set up from the two founders' homes with the use of a webcam to communicate between the two locations. The webcam also make it very easy to show designs and objects, which given the visual nature of their work is particularly important, and also to brainstorm.

Now that they have an office from which they all work, they continue to use the webcam to communicate with their contractors. The webcam is often set up all day on a machine in the corner of their office, so that it feels as if the contractors are part of the office.

In order for the members of Monkie and their contractors to work as flexibly as possible, the company have set up a web-based management system which includes a database of their clients and contacts, diaries, project information, timesheets and financial information - all interacting with each other. With some restrictions (e.g. financial information) all this information can be accessed by the contractors via the web, through their computers or on their mobiles, blackberries or, soon to be, i-phones.

In addition to this system, Monkie also buys space on Apple i-disk which can be accessed remotely. This allows them to transfer very large files that are too big to send via the web.

All this means that there is little need for contractors to come to the office. This is of great benefit as many of the freelancers they use live a long way away (one contractor who 'webcammed in' was located in Edinburgh).

10.3.1 Advantages of flexible working

The main advantage of flexible working for Monkie is that they can be flexible with who they work with, choosing the right contractor for each job. Most of their freelancers do not live locally and many live in remote locations. For them teleworking works and fits in with their lifestyle. However, the company admitted that it would not suit everyone and that they would be cautious about using a freelance graduate or taking on a graduate to work flexibly, 'young people need to work closely with more experienced colleagues to learn'. The youngest freelancer they currently used was in his late 20s.

An additional benefit of using freelancers for their work was that they were paid by the hour. This, in conjunction with the fact that they had established a degree of trust between themselves and their freelancers, meant that there was little issue regarding their productivity. When asked about the possibility of recruiting an employee who could potentially work flexibly they felt that due to the nature of their work this would not be a particular problem as the work could be measured by results, and time was recorded on timesheets – 'for each project we have a good idea as to how long the work should take, in terms of creative thinking, design and delivery'. Furthermore, whilst not wanting to be 'big brotherish', they felt that the webcam could also be used to manage flexible staff.

A further advantage of offering flexible working was to retain good staff and contractors. Most of their contractors had worked with the company on a number of different projects and through this they had established a good working relationship.

10.3.2 Disadvantages of flexible working

One of the main disadvantages they saw for the individual was that they were potentially available 24/7 and often felt obliged to work outside normal office hours. They claimed that as an employer they often had to check themselves to make sure they didn't intrude on contractor's personal time.

Whilst they didn't currently employ any flexible workers, they would like to recruit full-time staff in the future, and whilst they wouldn't advertise directly for a flexible worker there would always be the option to do this. They would also like to move offices and get an office that is more presentable to clients. However, they saw a dichotomy in terms of wanting to show their clients that they were a company employing x number of staff, but only needing space for y number of staff because the remainder worked flexibly – 'the office isn't just a place for your staff to work in, its there to showcase yourselves as a company'.

A final issue concerned security and health and safety. Trust in the technology used was felt to be very important in their business, both in terms of security and the health and safety of the people working for them. Whilst this was currently not a significant issue for them because they just used freelancers who they knew well, if they were to recruit new staff and allow them to work flexibly they would feel the need to audit their home office space and equipment.

10.4 WORD ASSOCIATION LTD

Word Association are a marketing consultancy set up 16 years ago and 'based' in Leicestershire. The company employs seven staff and four freelancers, all of whom work from home – they have no offices.

The firm was office based for the first eight years of its life. The Managing Director then decided to take some time off travelling, which also coincided with the office lease expiring. This prompted the initial move to homeworking, but when he returned, staff liked this mode of working so much (and it suited the company) that he decided to make homeworking permanent.

All staff are supplied with a computer, printer, fax machine etc and an IT firm is contracted to support the homeworking. The company uses a shared server which can be accessed on-line. In addition, the firm uses BT's heatwise line, which works like a switchboard – the calls go through to one member of staff first and if they are busy they go through to the next person and then an answering message.

In general, staff was slightly biased towards older females (seven out of the 11 staff – employees and freelancers – were female). To some extent this reflected the kind of people the industry attracted. However, the firm did feel that homeworking tended to attract older women, probably due to them having family commitments and also being more adaptable to homeworking. They felt that young people were generally least suited to the work, as for them going to work had a greater social aspect to it.

However, across all ages, the firm stressed that homeworking is only suited to some individuals and when the firm moved over to homeworking there were inevitably staff who left because of this change. Despite this, they did feel that when recruiting new staff (usually through local newspapers) they did get more applicants attracted by the ability to homework.

10.4.1 Advantages of homeworking

One of the main advantages of homeworking for the firm was the cost saving of not having an office. Whilst the Managing Director did say that the cost of setting up homeworking had worked out more than he had expected, on balance savings were made.

Homeworking had also forced the company to manage their staff in a more output driven way. For all areas of work, right through to customer satisfaction, the firm had derived 'smart measures' in order to tangibly measure staff output and maintain productivity. Indeed, the move to homeworking and this change in management had resulted in increased turnover and productivity, probably because of the more obvious measure of staff output.

Other benefits observed by the firm following the move to homeworking were decreased absenteeism and increased retention. This, they believed, was due to staff feeling more valued by the firm and improved satisfaction with individuals' work/life balance. In 2004 the firm was the first marketing consultancy to be awarded the National Work-Life Balance Standard.

10.4.2 Disadvantages of homeworking

For the firm, the main disadvantage of the shift to homeworking was the higher than expected cost. This involved the firm supplying staff with all the equipment needed - computers, faxes, printers (when they were office based they just had one printer and one fax machine shared by all staff). The company also undertakes a health and safety audit of all staffs' home office space.

An additional disadvantage for the firm was that for some clients the fact that they didn't have an office was a problem – they claimed they had just lost a job because of this. However, in the majority of cases this wasn't a major issue and some clients valued their innovative approach to working.

For the individual, the company felt that isolation was the main disadvantage. Whilst some staff were out visiting clients a lot, others were largely based at home day in, day out. To help counter potential isolation, the firm places a great emphasis on formal communication time, in the form of team meetings, regular reviews and away days.

10.4.3 The future of homeworking

For the future, the firm felt that the extent of homeworking was growing, although more amongst SMEs than larger companies. Indeed, they felt it would only become generally accepted once larger firms embraced it and for them adopting homeworking and managing this change was more complicated than for SMEs.

10.5 BRITISH TELECOM

BT have been at the forefront of flexible working in the UK, introducing it (in an informal way) around 20 years ago. At first it was mainly younger employees and managers who worked flexibly but over the years the practice has been extended and formalised, and there is now a culture of flexible working across the whole company, at all levels. They now have 5,000 formal homeworkers, out of a total UK workforce of 100,000, although there are many other employees who work the odd day from home or out of the office.

Whilst BT are very open to all requests to work flexibly, they recognise that it does not suit everyone. Twenty years ago, they piloted flexible directory enquiries (operators working from home). However, this did not work for everyone so now, flexible working is available for most employees, but it is not compulsory.

They use a number of different systems to enable flexible working. Employees can now log onto the network from anywhere using either wi-fi or touchdown. They also use teleconferencing (video conferencing has never been consistently implemented at BT) and they use a system called Telepresence Conferencing System, which allows users to share documents via the internet, and can be used remotely.

10.5.1 Advantages of flexible working

10.5.1.1 Cost savings

One major advantage for BT is the cost savings it has made as a result of flexible working. BT estimates that every homeworker employed saves the group £6,000 annually on overheads and that in total the company has saved £350m to date in reduced accommodation as a result of flexible working.

Taking into account the wider cost savings, BT estimates that it saves £200million annually, through increased productivity of homeworkers, reduced business travel, reduced desk ratios and lower absenteeism.

10.5.1.2 Reduced absenteeism

Absenteeism has declined dramatically with the expansion of flexible working across the company. They estimate that days lost to absent employees have fallen by around 14-15 per cent as a result of flexible working. They estimate that BT has 20 per cent less absenteeism than the national average.

10.5.1.3 Recruitment and retention

BT has also found that recruitment has become easier as potential new staff are attracted by the possibility of working flexibly. Surprisingly, this has been particularly notable amongst graduate recruits and has allowed BT to pick the 'best' graduates wherever they may be located.

In terms of retention, BT now has a return rate for women following maternity leave of 99 per cent, compared to a national figure of around 60-70 per cent. Furthermore, given the size of the company and its spread across the country, flexible working has meant that employees can change jobs within the company without moving home. This has been particularly relevant over recent years during which they have closed a number of their offices, flexible working has allowed BT to keep many of its 'best' employees.

10.5.1.4 Improved service to customers

In the past, BT service engineers used to return to their depots at the end of each day to manually update the system in order to reschedule tasks for the following day. Now they go straight home after completing their calls and can update the system using hand held devices. This allows greater control of the company's resources, customers can be kept up-to-date with what is happening and engineers can complete more jobs each day.

10.5.1.5 Reduced commuting

BT has estimated that over the course of a year, flexible working saves their employees 1,800 years of commuting and 12 million litres of car fuel.

10.5.2 Disadvantages of flexible working

10.5.2.1 Managing employees

Issues regarding the management of flexible staff were initially substantial and there was some resistance by managers. However this has changed as the company has become better at

managing by output and setting objectives. BT also uses technology to measure outputs, and more recently this has been extended to people's homes.

Time management courses are also made available to staff to help them work efficiently outside (and in) the office.

10.5.2.2 *Isolation and career development*

The company has increasingly made people responsible for their own development and there are many courses available to staff, many accessible remotely on-line. As a result, flexible workers generally feel they have control over their career development and there is little feeling that their development has been hindered. This is re-enforced by regular team meeting and team get-togethers. All teams have weekly conference call meetings and usually monthly face-to-face get-togethers. This works for both small and large teams.

10.6 SECANTOR

Secantor was founded in the East Midlands in 2000. It now employs 74 people (associates) nationwide and is expanding rapidly, currently at a rate of around 30 new associates a year. The business provides high-level finance directors to SMEs, working on a part-time basis, usually one or two days a week. The associates are paid a daily rate by the SME and Secantor get a percentage of this. In addition, all associates own a share of the business and are contracted to give Secantor two days a month of their time to help the business develop – marketing, recruitment etc.

Associates are primarily accountants although the company is expanding into new areas and also has an IT specialist. They are generally aged between 40-65 as the firm only deals with people who have reached a high level in their careers (although they do have a couple of associates in their late 30s). The majority of associates are ex-Plc directors who choose to give up big business to work for SMEs, for a variety of reasons:

- They have reached a stage in their lives where they want to work at a lower pace/lower level.
- They want the flexibility to work when they want – often not five (or more) days a week.
- They want to put something back into the community, use their knowledge to help SMEs.
- They want a new challenge – working for an SME provides very different challenges to working for a large and often mature company.
- They want to increase their salary – working for a daily rate can often give higher returns than working for a fixed salary.

All associates work flexibly, the company has no offices (and never has) and associates either work from home or from the SME. However, they are considering getting a small office sometime in the future, which could be used for meeting – 'we are getting fed up of paying high fees for renting meeting room space in hotels etc'.

Everyone uses their own PC/laptop and the company has its own website with a password protected intranet which associates can log onto from wherever they are working. They currently do not have a united operating system but may have to invest in one as the firm expands. They are also considering creating a new CRM system and database which is also becoming more of a need as the firm grows.

10.6.1 Advantages of flexible working

For Secantor flexible working has had the following benefits:

Ease of recruitment – the firm has been able to attract highly skilled associates wherever they are located. This has allowed the firm to expand nationwide without being tied to one area.

High employee motivation – to a large extent associate motivation reflected the type of people they employed and also the fact that all associates own a share of the firm and were paid by the day. However, having the opportunity to work flexibly and the exposure of new challenges was seen as a motivator.

Cost savings – by not having any offices they have made significant cost savings.

10.6.2 Disadvantages of flexible working

Isolation – this was not deemed to be a major issue for the firm. Firstly, associates spent a lot of their time working in SMEs and so rarely suffered from isolation. Secondly, because of the type of people working for the company – older, highly motivated and highly skilled – isolation was often seen as a benefit, to let them work undisturbed. Indeed, most associates had spent a large part of their careers in large organisations and had made a conscious choice to move away from this.

Despite this, the company did see the value in having regular meetings to establish good communication between associates and share ideas. The firm has a regional structure, with a regional director, and each region has a monthly or bi-monthly meeting. The company, as a whole, has an annual meeting.

Training – issues around training were possibly the biggest problem of flexible working for the firm. In part this was exacerbated by the type of people they employed – most associates had reached a high level in their careers and did not see the need for training. The firm had tried on-line training (or life-long learning) but had found that ‘they could only go so far with this’. They now planned to set up a formal ‘life-long learning’ system involving face-to-face training as an induction tool. This involved the Herman Brain Dominance Instrument which helped people understand the different ways people’s brains work – differences in the way entrepreneurs think to other (corporate) people.

10.7 CIGNET AND THE TELEWORKING ASSOCIATION

Cignet was set up 12 years ago in East Kilbride (Scotland). Cignet is partly a lobbying company promoting homeworking but it also develops and supports technology to assist homeworking. Technology is often an area where homeworkers, particularly those working for small companies or for themselves, can feel unsupported, and Cignet provides the technology and support to help in this area.

The firm had no offices when it was set up. However, as it has expanded it has acquired office space to host its servers, hold small meetings (larger meetings are held in hired out conference facilities) and to allow some staff to be office based part-time. However, all staff work flexibly, mostly two or three days a week from home and the remainder of the time either in the office or out providing IT support to its clients.

The current Managing Director (whom we consulted with) is also the Chairman of the Teleworking Association (a membership organisation, of 2,000 individuals that provides help

and support to teleworkers and lobbies government). This case study draws on his experiences of both organisations.

A key belief of the MD of Cignet is that working from home should be unnoticeable to the outside world. Cignet therefore strongly believes in professionalism from home and has formal standards around employees' home office space. The firm provides all the equipment (PCs, broadband, routers, telephone business line etc) and carries out a risk assessment of employees' home office space. All employees are linked up to the firm's network and they use a group pick-up telephone system called Office Venue, where all group members' phones ring when a call comes in and the first to pick up is connected.

10.7.1 Advantages of flexible working

Being a strong supporter of homeworking, the MD of Cignet had made some detailed calculations regarding the benefits of flexible working:

Cost savings – as a company, Cignet has estimated that it saves £50,000 annually as a result of homeworking (company annual turnover is around £1m). These costs primarily reflect reduced office space.

Carbon footprint – the company had estimated its reduced carbon footprint as a result of homeworking (reduced commuting, reduced need for energy – heating and lighting, etc). This they estimated at 20 tons of CO₂ saved per year.

Retention, recruitment and absenteeism – the company has a high retention of staff and very low absenteeism – 'staff would have to be so sick they couldn't even log in'. They also felt that the offer to work flexibly helped them attract new staff – 'in a tight labour market, the ability to work flexibly helps to differentiate yourself as an employer'. However, reflecting the views of all our other consultees, the MD of Cignet stressed that flexible working did not suit everyone and that it required a relatively high degree of self-motivation.

Work/life balance – whilst the age of employees ranged from 24-64, most had young families and therefore the ability to work flexibly enabled them to fit their work around family commitments. However, the MD of Cignet stressed the importance of professionalism in the home office – '*home working isn't a substitute for childcare*'.

Extended office hours – the company's flexible working arrangements meant that employees were flexible in the hours they worked. As a result they could offer their clients a better service – some required 24 hour support.

10.7.2 Disadvantages of flexible working

Isolation – the MD of Cignet felt that this often cited disadvantage of homeworking was a bit of a myth and he didn't see it as a significant issue. Indeed, the Teleworking Association had, in the past, experimented with local homeworker groups in order to encourage social gatherings and prevent isolation. However, these had never lasted due to lack of support.

For Cignet, the fact that employees tended not to suffer from isolation was due to the fact that they did not generally work full time from home and varied their working location around home, the office and client sites. Also, through the recruitment process, the company had generally chosen employees who suited their flexible working regime.

Despite this, the firm recognised that care needed to be taken not to forget about homeworkers and they stressed the importance of good communication and involving homeworkers in office life and politics – inviting homeworkers to meetings and social events etc.

Management – again the MD of Cignet felt that difficulties in managing homeworkers was another myth and largely reflected managers' inability or unwillingness to manage employees properly. He felt that managers could be lazy and often found it easier to manage by input (for example, how many hours employees are at their desks) rather than output.

However, in order for homeworking to work successfully, he did see the need for clear targets and objectives in order to manage staff well and measure their output. He also stressed the ability to use new technology to measure output, for example to measuring calls taken by teleshoring workers.

The views of government – whilst he welcomed the 2003 flexible working legislation, personally he had not witnessed much change on the ground as a direct result of this. However, this may reflect the fact that the members of the Teleworking Association were, by definition, supporters of flexible working, whilst the legislation is probably more targeted to those less supportive of it.

In his role as chairman of the Teleworking Association he works to lobby the government to help give better support to homeworkers and he cited a number of areas which they had targeted. Two successes of the Association had been in helping with a test legal case to support homeworkers worried about being caught by business rates; and in helping homeworkers claim expenses back from the Inland Revenue for heating, lighting etc.

However, one interesting area where the Association had yet to succeed was in changing the generally negative views of the Jobcentres when looking to recruit homeworkers. This was a problem that we found had been encountered by another of our consultees – Patchwork Communications.

10.7.3 The future of homeworking

The MD of Cignet saw a bright future for homeworking. He believed current growth to be in the order of 12 per cent a year and he saw this growth continuing as energy prices increase, congestion worsened and people demanded a better work/life balance. People are finding it increasingly difficult to commute in the cities and they wanted the benefits of living in the countryside, however they also needed access to work. Therefore whilst it is possible to homework from very rural locations, a more likely scenario will be to see growth around the fringes of cities and locations with good transport links.

10.8 EXPERIAN

Experian is a global leader in providing information, analytical and marketing services to organisations and consumers to help manage the risk and reward of commercial and financial decisions.

The company employs 3,870 people in the UK, largely based in Nottingham, but also located in offices in London and other parts of the country.

Experian operates flexible working, but this is primarily on an informal basis. In part this simply reflects the way flexible working has evolved in the company. However, it is also influenced by the confidential nature of data managed by the company (and the security issues surrounding this) and the financial cost of setting up homeworkers and changing the existing structure (although, on a long term perspective, it is possible that the cost of un-required office space would outweigh this cost). Most sales staff are, in practice, largely out in the field, although

officially they are office-based. And many other office-based employees work occasionally from home (around one day a week). The ability to do this is at the manager's discretion.

A small number of employees are official homeworkers, currently numbering just 14. These employees are formally set up as homeworkers with a full health and safety assessment of their home office arrangements and all the necessary equipment (including a business telephone line) included.

Flexible workers use both Blackberries and laptops and can gain access to the company's network remotely via a 'Remote Access Server' (RAS) token. In total, around 1,300 employees (a third of Experian's UK workforce) have used their RAS tokens to access the network from locations away from the office over the past month.

10.8.1 Advantages of flexible working

Since the majority of flexible working is informal, Experian does not formally measure any benefits to the company, although admits that this is an area where it needs to improve. Indeed, a recent change in senior management has shifted the focus towards trying to understand more about the level of flexible working in the company and the extent to which people work outside the office. However, the following advantages were noted:

- *Increased retention* – most flexible working requests are for reduced hours and these are generally accepted. Most requests come from maternity returners – around 70 per cent of women return following maternity leave and of these around 70 per cent come back on reduced hours.
- *Flexibility of hours* – since employees are able to work flexibly they can, to some extent, fit their working hours around other responsibilities. This, however, only works for certain roles, particularly project based roles. Flexibility of hours also enables staff to offer clients an improved service, though extending 'opening hours'.
- *Office space* – because the company currently operates informal flexible working, the majority of employees have their own desk. This includes sales staff who work largely out in the field. As a result its desk-employee ratio is probably much higher than is necessary and this is an obvious cost to the company.

10.8.2 Disadvantages of flexible working

- *Management* – all flexible working is at the individuals' line-manager's discretion and therefore flexible working only occurs where the manager is happy with his or her ability to manage this. Furthermore, given the nature of much of the work, results can be largely measured through output, i.e. whether a project is completed on time.
- *Longer hours* – for the individual, the informality of flexible working at Experian means that there is a risk that work and leisure hours blur and that management may unconsciously use flexible working as an excuse to increase the workload of employees.
- *Health and safety* – whilst the company conducts a health and safety assessment of its official homeworkers, for logistical reasons this is not true of its unofficial flexible workers. However, most of the necessary equipment is provided to enable flexible working (laptop, blackberry, mobile and router, although not broadband).

10.8.3 The future of flexible working

Experian predict that flexible working, particularly on an informal basis, will rise in the future. However, they admitted that it would not suit all individuals or all roles. In particular, there are certain jobs within the company where the technology would not allow remote access to certain systems.

10.9 CISCO SYSTEMS – HOMESHORING PROJECT

The Homeshoring Project is run by Cisco Systems and is designed to create a homeshoring model in order to get people back into work. The pilot study has been based around Nottingham and has been sponsored by Nottingham City Council and Greater Nottingham Partnership (part of EMDA).

The idea behind the project is to target communities with high levels of unemployment and economic inactivity. Potential employees would be trained up for call centre work and then set up to work flexibly from their own homes. Around Nottingham, they have targeted the Broxtowe Council Estate and an ex-mining village, north of Nottingham. These are areas with people in them who want to work but cannot find an appropriate job, for example because they are single mothers, disabled, live in a very rural location or due to their age. These areas also have community centres that can be used as training centres.

The project has targeted a number of large Nottingham employers with call centres, such as Experian, Capital One and Boots. Boots have been the first to come on-board, employing 12 women from Broxtowe.

All the women work from home, around 5 hours a day, and the work is flexible (flexible times) and scheduled around other commitments (children etc). All the equipment required (PC, business telephone line, etc) is supplied to them by the employer (e.g. Boots) and installed in their homes.

Since the women involved in the project are largely unskilled, the project has set up a training centre in Broxtowe (sponsored by EMDA), which not only provides basic IT training (keyboard skills) but also confidence training and elocution lessons. Confidence training is especially important, because many of these women have been out of the labour market for some time. Instilling in them the confidence to believe that they can do the work is a major obstacle to overcome.

10.9.1 Benefits of homeshoring

For the employer, the greatest benefit is that they get a mature and willing employee. Call centres are traditionally staffed by 17-24 year olds, who can not only be fairly immature in their attitude to work but are also characterised by very high levels of turnover, averaging 22 per cent (Conactbabel). With the cost of recruiting and training each new agent in the UK around £3,500 (CCA), this represents a huge financial burden for employers. By contrast, evidence from the US, where homeshoring is already well established, shows that these workers are generally more mature, enthusiastic to work and are characterised by much higher retention rates.

An additional benefit for the call centre, is that through having UK based staff they can offer a higher quality service to their customers. With the public backlash against offshored call centres, the focus is shifting away from increasing productivity (number of calls processed) to improving customer service. Thus, firms are increasingly trying to encourage customers to use the internet for routine transactions, and use the call centres for problems. This therefore requires staff with high levels of customer service skills.

Finally, there is increasing pressure for firms to operate in a way that shows greater Corporate and Social Responsibility. In this respect, a project like the homeshoring allows organisations to employ mature and willing workers, whilst also giving something back to the community.

10.9.2 Disadvantages of homeshoring

One commonly trumpeted argument against the homeshoring project is that by encouraging people to stay in their communities they do little to promote social inclusion. However, for the individuals concerned, their main interest is to get money to give them some independence and rebuild their confidence. Whilst it is still early days, if eventually the homeshorers gain enough confidence to go and work outside their community, the project will have helped social inclusion, albeit at a small scale.

Another commonly stated disadvantage of flexible working is that individuals suffer from isolation. With regards to the Homeshoring project, call centres are grouped into teams (15 call centres per team) and a manager roams around homeshorers visiting individual operators and checking everything is going alright. In addition, they have monthly meet-ups, to establish team bonding. However, aside from this, isolation was not felt to be an issue due to the nature of the people selected to operate as homeshorers.

10.10 LINDUM GROUP

Lindum Group is a construction company based in Lincoln but with other divisions located outside the East Midlands. It directly employs 500 staff and has a turnover of around £80million. The company does offer flexible working, but reluctantly, and it therefore provides an interesting case study providing the counter argument to those supporting atypical work practices.

The company considers itself to be very flexible in terms of its approach to working and its employees. For example they encourage people to come up with new ideas. Indeed, last year they were voted the sixth 'best company to work for' in a survey by the DTI and the Sunday Times. However, the management is strongly opposed to flexible working in terms of people working from home, and only permits it if there is a very strong case for it, e.g. if someone needs to finish off a report and requires no interruptions, or someone physically can not get to the workplace.

Overall, the company sees no advantages to flexible working (as defined, more strictly, as teleworking). One example was given of a maternity returner who came back to work, three days in the office and two working at home. However, this created more problems than benefits, specifically the feeling of other workers that less work was being done at home than in the office.

10.10.1 Disadvantages of flexible working

From the view point of the company, the main disadvantage of flexible working was that with people working from home there was no interaction between colleagues. This was felt to restrict creativity and the flow of ideas. Whilst they did acknowledge the possible use of video conferencing, this was seen as too expensive (setup costs both in the office and in employees' home offices) and a poor substitute for personal interaction. In particular, video conferencing was not spontaneous and did not allow people to interpret body language. They also felt that with video conferencing people did not interact in the same way as face-to-face (i.e. no dynamics) but rather acted in a 'staged' way.

Another perceived disadvantage was that individuals working from home were not fully focused on work and their personal needs would always take priority over the firm's needs. Fundamentally, the key issue here was the perceived inability to properly manage homeworkers. Whilst it was felt that in a cottage industry, where people are paid piecemeal, homeworking could work, for most sectors this was not felt to be the case.

In general, the company felt that people working from home were not proper team players and their priorities lay elsewhere. When asked about the evidence pointing towards homeworker working longer hours, having lower absentee rates or being more productive, they were very dismissive of this – ‘people work longer hours at home because there are more distractions during the day’.

10.11 WORK GLOBAL

Work Global is an organisation set up 14 years ago [to](#) promote the Hebrides and its workforce to businesses, particularly Contact Centres and those involved in the knowledge economy. The original idea was to try and open up employment opportunities in the Western Isles, especially for women for whom there was very little available. What they found was that families moved to the Hebrides for a lifestyle change and whilst one partner may have a job the other half was often highly skilled but unable to find appropriate employment.

Work Global set up a Skills Register and set about marketing the Isles to potential employers.

Initially, all the jobs created were homebased. However, subsequently, they have built office space and now, of the 500 jobs created to-date, there is roughly a 50:50 split between office and home-based employment.

In terms of the type of work created, all the call centre roles are office-based (as many homes can not accommodate call centre working). Homeworking largely involves processing information roles. However, given the available technology, Work Global is now looking into promoting ‘Homeshoring’ (call centre work from home).

In general, the homeworking roles are not taken up by young people (under 25). However, in part this reflects the fact that many of these people leave the area, for example to go into higher education and experience life outside the Hebrides. Of those employed in the call centres, 60 per cent are male, however, homeworking is biased more towards female workers.

10.11.1 Advantages of flexible working

Lower cost: for employers the main advantage is the lower cost of staff in the Hebrides, particularly in comparison to London and other cities. For example, there are a number of Legal Secretaries working in the Hebrides and their cost is around a half that of a London based Legal Secretary.

Increased productivity and lower absenteeism: homeworkers are estimated to be around three times more productive than office based workers. However, all are self-employed and paid by output which will undoubtedly affect productivity levels and absenteeism rates.

Improved employment opportunities for rural areas: for the Hebrides as a whole, this is the key advantage since opportunities previously were fairly limited, particularly relatively skilled opportunities.

10.11.2 Disadvantages of flexible working

Isolation: this was not felt to be an issue. Indeed, a recent survey found that the majority of homeworkers had felt more isolated prior to working, probably reflecting the rural nature of the Western Isles. Some firms encouraged regular team meeting to counter any feelings of isolation and to promote team spirit. However, this was not felt necessary by all – firms and homeworkers alike.

11 Concluding comments

In drawing together conclusions from this analysis it is important not to overplay the potential that flexible working seems to offer. Whilst it is clear that there are far-reaching benefits of flexible working – to both individuals, employers and, potentially, society – what is also clear, particularly from the case studies, is that this form of working is not suited to all individuals or firms. Indeed, the enthusiasm about flexible working from its many proponents is reminiscent of the early days of e-tailing, when a number of reports prematurely announced the so-called ‘death of the High Street’.

The likely reality, much like that of e-tailing, is that whilst the technology may enable atypical working for a wide range of occupations, its take-up will be limited by other factors. The main restriction will be the simple fact that not all employees will either want or be able to work flexibly. Similarly on the employers’ side, there are major obstacles to overcome, not least the attitude of managers, in order for flexible working to be adopted widely.

From an economic development agency’s point of view, the principal interest in flexible working must be in the wider social, economic and environmental benefits that it can offer:

Economic benefits: both the literature research and case studies have highlighted the increased productivity and reduced absenteeism of flexible workers. Our calculations estimate that income associated with flexible working contributed between 5 and 12 per cent GVA to the East Midlands economy in 2006. Therefore, whilst the higher productivity levels of atypical workers may be reflected in their higher wage levels, it is likely that our methodology could still be under-estimating the true productivity and output of these workers.

However, it is important to stress again that our methodology was based on the incomes earned by those workers who currently practise some level of flexible working and is therefore not a calculation of the additional contribution made by flexible working.⁶

Environmental benefits: whilst flexible working does itself create the need for additional journeys (e.g. trips to the shops that would otherwise have been done during people’s commute), on balance, the literature research shows there to be benefits of flexible working in terms of reduced commuting and changes to an individual’s travel patterns. Additional benefits can also be gained through reduced need for business travel and the reduced energy needed to run smaller office spaces. However, for this to have any notable environmental impact – in terms of reduced congestion and a reduced carbon footprint – flexible working would need to be adopted on a much wider scale than it is currently. Given the number of obstacles to flexible working, it seems unlikely that this will happen in the near future, although it is important to stress that for individuals and individual firms the benefits can be very tangible.

Social benefits: the arguments as to whether flexible working can reduce inequalities is even less clear cut. The recent Homeshoring project does suggest that flexible working can help bring people back into the labour market and there is a clear case for supporting further initiatives such as this. However, the extent to which this will help alleviate inequalities on a larger scale are less evident. Firstly, many of the jobs created are likely to be low skilled and low paid and whilst there will be benefits to the individuals concerned, on a wider scale the creation of these jobs will do little to tackle economic inequalities.

⁶ We are not able to take into account how many days these workers work flexibly.

Secondly, it is unclear as to the extent to which a project like the Homeshoring project can be extended – are there enough suitable and willing individuals and employers around?

Whilst the wider benefits of flexible working are apparent, the palpable advantages may only be realised by those individuals and firms where adoption of atypical working practices is suitable. There is, therefore, a strong case to support flexible working and firms enthusiastic about flexible working through, for example, promoting awareness of its potential benefits and providing advice. Indeed, one can argue that a happy workforce, in itself, provides significant social and economic benefits.

Aside from awareness strategies and supporting small scale initiatives, however, it is unclear as to the benefits of further intervention by national or regional government. Indeed, there is little evidence of market failure here and one can assume that where there is a clear business case for supporting flexible working practices, firms will make efforts to adopt it.

Appendix A

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Appendix B

Methodological note

ESTIMATING GVA FROM ATYPICAL WORKING

Gross Value Added measures all income generated by the production process, and is made up of 'compensation of employees' plus operating surplus/mixed income. The method adopted estimated the share of atypical working in total compensation of employees (wages & salaries plus employers' social contributions) for individual industries, and then allocated GVA on the same basis as compensation of employees, i.e. if atypical workers are estimated to earn 10% of total wages and salaries in an industry, then 10% of total industry GVA is allocated to atypical employment and the remaining 90% to 'standard' employment.

More specifically, the estimates were derived by attributing a share of GVA in each East Midlands 2-digit SIC industry to atypical working. GVA estimates for each 2-digit SIC industry were taken from Experian's Regional Planning Service (RPS). These are consistent with ONS GVA estimates at a broader industry level. The share of atypical employment in total employment for each 2-digit SIC industry was calculated using data from the ONS APS/LFS. We then used the occupational profile of atypical and overall employment across broad industries together with average wage estimates for each occupational group in the East Midlands from the ONS Annual Survey of Hours and Earnings (ASHE), to estimate the share of atypical working in total wages for the East Midlands. This was used to adjust the atypical employment shares by narrow (2-digit) industry, and the resulting parameters used to allocate industry GVA between typical and 'standard' working.

These estimates are intended to give an indication of the economic value of atypical working in the East Midlands as measured by the income (Gross Value Added, or GVA) associated with atypical working. As is common in estimating such complex measures as GVA, the estimation procedure had to make use of data from a range of sources of varying quality and it is difficult to judge the reliability of the resulting estimates. The estimates are best interpreted as being on a residence basis, since the APS/LFS data are residence based and this is also the fundamental basis for ONS GVA estimates on which the RPS estimates are based.

Appendix C

About us, quality systems and project management

WHO WE ARE

Experian's Business Strategies Division

Experian's Business Strategies Division provides an understanding of consumers, markets and economies in the UK and around the world, past, present and future. Its focus is consumer profiling and market segmentation, retail property analysis, economic forecasting and public policy research, supporting businesses, policy makers and investors in making tactical and strategic decisions. As part of the Experian group, it has access to a wealth of research data and innovative software solutions. The division's economic research team is devoted to analysing national, regional and local economies for a range of public and private sector clients. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

For more information, visit www.business-strategies.co.uk

Experian

Experian is a global leader in providing analytical and information services to organisations and consumers to help manage the risk and reward of commercial and financial decisions. Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organisations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage. For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence. Clients include organisations from financial services, retail and catalogue, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE-100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, California and Nottingham, UK. Experian employs more than 12,500 people in 34 countries worldwide, supporting clients in more than 60 countries. Annual sales are \$3.1 billion (£1.7bn/€2.5bn).

For more information, visit the Group's website on www.experiangroup.com.

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QUALITY SYSTEMS & PROJECT MANAGEMENT

ISO mission statement

Experian's Business Strategies Division has invested over £10,000 in the development of an ISO 9001:2000-certified quality system.

We rely on our reputation as an organisation providing quality analysis and reports. High quality standards have to operate at every level of the organisation and are the concern and responsibility of each member of staff. Employees are encouraged to apply their skills, experience and knowledge in order to enhance and develop the products and services that we provide. Experian Business Strategies is committed to delivering products and services which conform to requirements agreed with our customers in a timely and cost-effective manner. We are also committed to a continuous effort to raise quality standards, enhance product quality and increase cost effectiveness. The quality system provides a suitable framework to establish and review the quality of our products and services, according to customer requirements.

Project management procedures

We assign a manager for each consultancy project, who manages the project on a day-to-day basis and is the main point of contact. In addition, a Director or Associate Director will usually act as project director with overall responsibility for ensuring that service delivery expectations are met.

Inception meeting and planning

At the start of a project, we hold an inception meeting to:

- reach agreement on the outputs of the study;
- reach agreement on the approach, the work programme and timetable; and
- obtain contacts, information and relevant reports.

This provides the basis for a detailed project plan, which will clearly set out the milestones for the life of the project as agreed with the client. The type of issues covered depends on the nature of the project but are likely to include:

- Completion dates for the project stages.
- Agreed actions for delivering each stage.
- Sources of relevant research material.
- Content of reports.
- Structure and length of reports.

Tracking progress

Projects are reviewed internally each week in order to track progress; any project-related issues or technical issues are raised at this point. In addition, a diary is kept for each project. Team members note day-to-day progress and record any significant issues or developments, ensuring continuity and efficiency. The diary page is kept in the project file on the company network and a hard copy is kept on file on completion of the project.

Communication

In our experience, communication is key to ensuring that any project runs smoothly. Accordingly, we will keep you informed of our progress with a weekly email. This will describe what has been done and allow you to track progress. We will inform you immediately of any problems or delays.

Report quality

Our quality standards ensure that all documents and other outputs are of an excellent standard. Reports and data are crosschecked to ensure accuracy and clarity of analysis. We also employ a full-time editor to ensure that documentation standards are maintained.

Closing down

On completion of the project, we will sign off with you a quality checklist confirming that the agreed tasks have been carried out.